

Consolidated Incentives Performance Report

Maryland Department of Commerce

FY 2015

Pursuant to:

Maryland Jobs Development Act

Economic Development Article §2-123

January 2016



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## Background

The Maryland Department of Commerce (Department) is pleased to submit the FY 2015 Consolidated Incentives Report as required by the Maryland Jobs Development Act pursuant to Economic Development Article §2-123.

The Maryland Jobs Development Act requires the Department to report data on certain finance programs and tax incentive programs administered by the Department by December 31<sup>st</sup> of each year. Specifically, the report covers the following finance programs: Biotechnology Development Awards (Biotech Grants), Community Development Block Grant (CDBG), Maryland Economic Development Assistance Authority Fund (MEDAAF), Maryland Industrial Financing Authority (MIDFA), Military Personnel and Veteran-owned Small Business No-Interest Loan Program (Military/Veteran), Maryland Small Business Development Financing Authority (MSBDFA), Partnership for Workforce Quality (PWQ), Economic Development Opportunities Program Fund (Sunny Day), Maryland Venture Fund (MVF) and Small, Minority, and Women-Owned Business Account- Video Lottery Terminal Fund (VLT). The report also covers the following tax incentive programs: One Maryland Tax Credit (OneMD), Job Creation Tax Credit (JCTC), Research and Development (R&D), Maryland Film Production Activity (Film), and the Biotechnology Investment Incentive (BIITC). Other programs not covered by the Jobs Development Act but included in this report are the Biotechnology Development program, Cybersecurity Investor Incentive Tax Credit (CIITC), Wineries and Vineyards Tax Credit and ExportMD. The Enterprise Zone Tax Credit Program submits a separate report on activities.<sup>1</sup>

The report shall include data on the number of jobs created, the number of jobs retained; the estimated amount of State revenue generated; and any additional information required by the Department through regulations both in the aggregate and disaggregate by each program and each recipient. Additionally, the Department must implement a process to assist recipients of such program(s) to ensure compliance with program requirements.

## Data by Program and Data by Recipient

The detailed information has been compiled in the Department's Finance Tracker. Finance Tracker is the Department's on-line database for maintaining records of grants, tax credits, equity investments and loan enhancements. Finance Tracker includes information on incentives provided by companies for FY 2009-2015. Users can search and sort data by company, industry, location and program. Please visit <http://commerce.maryland.gov/fund/maryland-finance-tracker> to view this information and the summary in Appendix A.

**Table 1** below summarizes FY 2015 activity by the number of clients and incentive amount. The FY 2015 activity covers 521 transactions totaling \$95.5 million in grants and loans, \$10.7 million in loan guarantees and \$35.7 million in tax incentives. The largest number of transactions was the Research and Development Tax Credit, with 200 recipients of \$9 million in tax credits. There were 64 recipients of Video Lottery Terminal Fund financing totaling \$9 million. The Department's major finance program, the Maryland Economic Development Assistance

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<sup>1</sup> The Enterprise Zone program is a joint effort between the State and local governments and Commerce does not certify businesses for the credits.

Authority Fund (MEDAAF) had 23 transactions totaling \$14 million. The Maryland Venture Fund made 21 investments totaling \$9.8 million in companies. Nine companies received Job Creation Tax Credits (JCTC) and two received One Maryland Tax Credits (OneMD). Research and Development tax credits (R&D) were awarded to 200 companies based on \$1.15 billion in qualified research conducted in Maryland. There were 29 companies receiving investment from 159 investors through the Biotechnology Investment Incentive Tax Credit (BIITC). Film Production Activity Tax Credits of \$9.2 million supported two major productions in Maryland.

**Table 1: Program Activity by Type**

Program	Count of Recipient	Loan/Grant Amount	Loan Guarantee Amount	Tax Credit Amount
<b>Loans/Grants/Investment</b>				
Biotechnology Development Awards	6	864,954	-	-
Community Development Block Grant	1	400,000	-	-
ExportMD	44	220,000	-	-
Maryland Economic Development Assistance Authority Fund	23	14,274,349	-	-
Maryland Industrial Financing Authority	8	54,112,200*	10,185,120	-
Maryland Small Business Development Financing Authority	24	6,172,450	561,500	-
Military Personnel and Veterans No-Interest Loan Program	6	245,000	-	-
Maryland Venture Fund	21	9,800,504	-	-
Partnership for Workforce Quality	7	108,395	-	-
Video Lottery Terminal Fund	66	9,281,399	-	-
<b>Tax Credits</b>				
Employer Security Clearance Costs	40	-	-	2,000,000
Biotechnology Investment Incentive	29	-	-	9,670,990
Cybersecurity Investor Incentive	2	-	-	620,625
Job Creation Tax Credit	9	-	-	528,356 †
Maryland Film Production Activity	2	-	-	9,156,525
One Maryland Tax Credit	2	-	-	4,231,682 †
Research and Development	200	-	-	9,000,000
Wineries & Vineyards	31	-	-	500,000
<b>Totals</b>	<b>521</b>	<b>\$ 95,479,251</b>	<b>\$10,746,620</b>	<b>\$35,708,178</b>

Source: Department of Commerce

\*MIDFA Amount is the amount of bonds or credit enhancement; MIDFA does not provide direct funding.

†OneMD and JCTC tax credits are estimated. Actual tax credits amounts are confidential Comptroller office information.

Twenty-four companies received multiple incentives from multiple programs. The list is presented in Appendix F. In all but six cases, the jobs reported apply only to one program. In

cases where job impacts are reported for multiple programs the estimated job impacts are allocated to only one program to avoid double counting impacts. This resulted in reducing the total number of reported jobs by 55 jobs.

### **Program Evaluation**

This section provides an analysis of the available performance information and explanation of the evaluation results. The information is provided by the program administrators from performance agreements and applications submitted at the time of the transaction. The evaluation was conducted by the Department's Office of Research and Information Services based on the Department's Finance Tracker data and program reports for **settled** projects receiving incentives in FY 2015. **Table 2** summarizes the information by program for the number of clients, incentive amount, and direct jobs created and/or retained and total expenditures associated with the project. Financing programs represent the majority of projects with a total of 162 clients and \$95.0 million in settled approved transactions.

**Table 3** summarizes program activity by the industry supported. The mix of industries changes every year based on demand but in general the majority of assistance goes to the professional and technical services sector and to manufacturing. In FY2015, Manufacturing received the largest dollar amount with \$68 million in total assistance, including loans, loan guarantees and tax credits. Professional, scientific, and technical services companies received \$15 million in total assistance. These include many technology companies such as those in biotech research, information technology and cybersecurity, as well as professional services and engineering. The information sector, including film production received \$16 million in assistance as did health care technology and services. In relation to the industry's share of the State Gross Domestic Product (GDP) and employment, manufacturing received the largest proportion of assistance, followed by information, finance, and professional services.

Table 2: Performance Outputs by Program

Program	Recipients	Loan/Grant Amount	Loan Guarantee Amount	Reported New Jobs	Retained Jobs	Project Expenditures
<b>Biotech Grants</b>	<b>6</b>	<b>864,954</b>			<b>6</b>	<b>4,447,501</b>
<b>CDGB</b>	<b>1</b>	<b>400,000</b>		<b>12</b>		<b>1,062,000</b>
<b>ExportMD</b>	<b>44</b>	<b>220,000</b>		<b>188</b>		
<b>MEDAAF</b>						
MEDAAF-2	5	3,900,000		706	3,251	314,950,000
MEDAAF-3	10	9,369,349		21		86,600,554
MEDAAF-4	1	150,000				225,000
MEDAAF-5	7	855,000		43		25,572,000
<b>MIDFA</b>	<b>8</b>	<b>54,112,200*</b>	<b>10,185,120</b>	<b>227</b>	<b>586</b>	<b>80,085,357</b>
<b>MSBDFA</b>	<b>24</b>	<b>6,172,450</b>	<b>561,500</b>	<b>211</b>	<b>282</b>	<b>7,808,450</b>
<b>Military/Veteran</b>	<b>6</b>	<b>245,000</b>		<b>35</b>	<b>35</b>	<b>295,000</b>
<b>Maryland Venture Fund</b>	<b>21</b>	<b>9,800,504</b>		<b>534</b>	<b>162</b>	<b>193,820,000</b>
<b>PWQ</b>	<b>7</b>	<b>108,395</b>		<b>28</b>	<b>309</b>	<b>184,821</b>
<b>VLT</b>	<b>66</b>	<b>9,281,399</b>		<b>356</b>	<b>973</b>	
<b>Loan/Grant/Investment Total</b>	<b>206</b>	<b>95,479,251</b>		<b>2,361</b>	<b>5,604</b>	<b>715,050,683</b>
Tax Credits	Recipients		Certified Tax Credit Amount	Certified Jobs	Retained Jobs	Project Expenditures
BIITC	29		9,670,990			
Cybersecurity	2		620,625			
Employer Security Costs	40		2,000,000			3,416,480
Film	2		9,156,525			84,494,684
JCTC	9		528,356**	491		
OneMD Tax Credit	2		4,231,682**	92		4,231,682
Research & Development	200		9,000,000			
Wineries & Vineyards	31		500,000			2,737,599
<b>Tax Credit Total</b>	<b>315</b>		<b>35,708,178</b>	<b>583</b>		<b>94,880,445</b>
<b>Grand Total</b>	<b>521</b>	<b>95,479,251</b>	<b>10,746,620</b>	<b>35,708,178</b>	<b>2,944</b>	<b>5,604</b>
						<b>809,931,128</b>

\*MIDFA Amount is the amount of bonds or credit enhancement; MIDFA does not provide direct funding

\*\*Amount of OneMD and JCTC tax credits are an estimation based on the allowable project costs, jobs and wages. Actual tax credits amounts are calculated on the recipients' tax returns and are therefore confidential Comptroller office information.

Table 3: Program Performance by Industry

Industry	Recipients	Approved Loan Amount	Loan Guarantee Amount	Tax Credit Amount	Film Tax Credit	Total Jobs	Project Expenditures
Agriculture	31			\$500,000			2,737,599
Construction	27	\$2,363,000	\$0	\$249,040		147	1,855,972
Manufacturing	145	\$45,453,795	\$10,217,620	\$12,543,180		4,508	351,153,107
Wholesale Trade	15	\$370,000	\$0	\$124,810		170	30,000
Retail Trade	10	\$1,135,000	\$0	\$12,692		131	3,500,000
Transportation and Warehousing	5	\$65,000	\$0	\$42,356		48	50,000
Information	39	\$2,632,450	\$0	\$4,510,091	\$9,156,525	384	114,560,618
Finance, Insurance, Real Estate	6	\$5,617,000	\$0	\$204,000		271	163,000,000
Professional, Scientific, Technical Svcs	180	\$6,673,694	\$329,000	\$8,319,649		1,089	21,237,840
Administrative and Support Services	9	\$1,250,000	\$0	\$24,014		268	1,272,438
Health Care Tech & Services	8	\$15,808,000	\$0			889	41,250,000
Educational Services	9	\$728,564	\$0	\$21,819		126	3,800,000
Accommodation and Food Services	12	\$2,147,000	\$200,000			281	1,116,000
Other Services	13	\$1,316,399	\$0			206	16,480,000
Local Government	12	\$9,919,349	\$0			33	87,887,554
<b>Grand Total</b>	<b>521</b>	<b>\$95,479,251</b>	<b>\$10,746,620</b>	<b>\$26,551,651</b>	<b>\$9,156,525</b>	<b>8,551</b>	<b>\$809,931,128</b>

## Program Impacts

The following analysis uses direct jobs where available to evaluate the total impact of programs. Direct jobs include newly created jobs and jobs retained by the project. In some cases where job numbers are not a requirement of the program, the amount of project spending in Maryland is used to estimate the number of full-time equivalent jobs supported by the project. These estimates are based on spending patterns from the IMPLAN economic model for the State<sup>2</sup>. The total jobs number includes the secondary, or multiplier effects of the jobs (direct, indirect and induced). The estimates of secondary jobs and wages also are based on the IMPLAN economic model for the State.

Based on the total jobs and wages, the annual State tax revenue from those jobs is estimated. For this report impacts are estimated for a one-year period, providing a snapshot of FY15 activity. However, this approach does not take into account the ongoing impacts generated by the incentives. In most cases, the jobs and investment supported by the incentives are required to remain in Maryland over a period of years. Those long-term impacts are not included in this report but should be considered when evaluating each program individually.

State revenue impacts are estimated based on average State income and sales tax payments by income class for the total jobs generated by the project.<sup>3</sup> Although other revenues may be generated such as State and local property taxes from property improvements, corporate income taxes and other taxes and fees, these are not included in the revenue estimates. Such impacts may be evaluated by the Department in the case of individual projects, but not in aggregate for the purposes of this report.

## Detailed Impact by Program and Purpose

The following section summarizes the job and revenue impacts of each program based on the available information and according to the intent of the program. Job creation is the primary, but not the only, intent of economic development programs. For example, the BIITC was enacted to grow Maryland's Biotechnology industry by encouraging investment in early-stage Maryland Biotechnology companies. The Maryland Venture Fund is designed to invest in new state enterprises, the film production tax credit is intended to promote the film industry in Maryland and the Research and Development tax credit incentivizes R&D spending in Maryland. Combined, the portfolio of economic development incentives should be measured for overall effectiveness in growing the strategic industries and diversifying the economy to be sustainable for the long term.

The program evaluation is organized according to the general economic development objectives of the programs:

- Job creation and retention
- Support for Local economic development
- Leveraging private sector investment in economic development

<sup>2</sup> IMPLAN Group LLC, IMPLAN System (data and software), 16905 Northcross Dr., Suite 120, Huntersville, NC 28078, [www.implan.com](http://www.implan.com)

<sup>3</sup> Office of the Comptroller, Maryland Net State and Local Tax By Income Class [http://finances.marylandtaxes.com/static\\_files/revenue/incometaxsummary/summary14.pdf](http://finances.marylandtaxes.com/static_files/revenue/incometaxsummary/summary14.pdf)

- Assistance to small, disadvantaged and minority businesses and/or underserved areas
- Promoting startups and innovation through technology commercialization and investment
- Economic diversification through targeted growth industry promotion

**Table 4** summarizes the impact results by program and their primary purpose using the above categories. Overall, the combined programs generate \$7.96 billion in economic output, support over 27,000 jobs and total wages of \$1.7 billion at an average annual wage of \$64,000, generating annual State tax revenues of \$94.5 million.

**Table 4: Summary of Impacts**

	Economic Output	Total Jobs (Direct and Indirect)	Average Annual salary	Annual State Tax Revenues
<b>1. Job creation and retention</b>	<b>\$6,087,837,780</b>	<b>16,739</b>	<b>\$78,317</b>	<b>\$72,014,310</b>
Job Creation Tax Credit	\$166,821,190	1,001	\$53,094	\$2,837,290
One Maryland Tax Credit	\$55,220,400	269	\$54,218	\$771,050
Partnership for Workforce Quality	\$272,974,830	923	\$51,772	\$2,570,760
MEDAAF 2 - Economic Development Opportunities	\$5,592,821,360	14,545	\$82,183	\$65,835,210
<b>2. Local Government support for economic development</b>	<b>\$205,338,500</b>	<b>1,099</b>	<b>\$54,726</b>	<b>\$3,196,070</b>
MEDAAF 3 - Direct assistance to Local Governments	\$197,496,560	1,057	\$54,727	\$3,074,010
MEDAAF 4 - Revolving Loan Funds	\$513,120	3	\$54,633	\$7,990
Community Development Block Grant	\$7,328,810	39	\$54,726	\$114,070
<b>3. Leveraging private sector investment</b>	<b>\$272,533,220</b>	<b>1,430</b>	<b>\$35,894</b>	<b>\$2,664,820</b>
Maryland Industrial Financing Authority	\$272,533,220	1,430	\$35,894	\$2,664,820
<b>4. Assistance to small and minority businesses</b>	<b>\$436,060,930</b>	<b>2,971</b>	<b>\$35,425</b>	<b>\$5,450,050</b>
Maryland Small Business Development Financing	\$95,251,760	759	\$36,335	\$1,466,240
Military Personnel/ Veteran-owned small business	\$13,599,550	114	\$37,336	\$226,790
Video Lottery Terminal Fund	\$327,209,620	2,098	\$34,992	\$3,757,020
<b>5. Technology Startups and Innovation</b>	<b>\$694,544,030</b>	<b>3,083</b>	<b>\$50,145</b>	<b>\$8,316,080</b>
Biotech Investment Incentive Tax Credit	\$239,908,470	795	\$58,450	\$2,477,740
Biotechnology Grants	\$3,154,260	16	\$54,980	\$46,830
Cybersecurity Investor Incentive Tax Credit	\$3,395,150	19	\$60,575	\$61,280
Maryland Venture Fund	\$229,338,460	1,310	\$44,068	\$3,114,520
Research & Development Tax Credit	\$218,747,710	943	\$51,289	\$2,615,710
<b>6. Targeted Industry promotion</b>	<b>\$148,206,890</b>	<b>1,169</b>	<b>\$24,101</b>	<b>\$1,486,700</b>
Employer Security Costs Tax Credit	\$6,266,630	37	\$48,629	\$96,790
Film Production Activity Tax Credit	\$137,589,900	1,112	\$23,174	\$1,357,790
Wineries & Vineyards	\$4,350,360	20	\$30,252	\$32,120
<b>7. Special Purpose</b>	<b>\$111,569,960</b>	<b>617</b>	<b>\$43,521</b>	<b>\$1,425,770</b>
MEDAAF 5 - Special purpose grants or loans	\$38,550,650	236	\$33,689	\$408,360
ExportMD	\$73,019,310	381	\$49,620	\$1,017,410

	<b>\$7,956,091,31</b>			<b>\$94,553,80</b>
<b>Total</b>	<b>0</b>	<b>27,107</b>	<b>\$64,088</b>	<b>0</b>

## 1. Job Creation and retention

Many programs have overarching objectives with job creation serving as the common measure. Most of the Department's programs are evaluated based on job creation, either directly or indirectly. However, there are many ways of achieving job creation either through incentives to individual companies, growing strategic industries or developing new economic activities. The primary way that economic development programs create jobs is to bring new economic activity and spending to a region that would not otherwise occur. Therefore, most economic development programs are targeted to basic industries, those exporting from the region and bringing wealth from outside, with non-basic (or service) industries supporting those basic industries and growing as the new activities develop. Programs may provide incentives based on job creation and/or on investment, which in turn generates jobs through increased economic activity. The core metrics for these programs are new and retained jobs and wages.

### Economic Development Opportunities Program Fund (Sunny Day)

The Economic Development Opportunities Program Fund, known as Sunny Day was enacted in 1988 to enable Maryland to act on extraordinary economic development proposals that required financial assistance beyond the capabilities of other state and local financing programs. Sunny Day funds are loaned, granted or invested to assist in the retention and expansion of existing business, or the establishment and attraction of new business in Maryland. In fiscal year 2015 there were no new projects approved or settled. The continuing reduced level of activity under the program reflects the ongoing shift to usage of the MEDAAF program for deals that were historically done under this program, as well as the lack of budgeted funds for the program that would permit planning its use for future commitments.

### Job Creation Tax Credit (JCTC)

The Job Creation Tax Credit (JCTC) was enacted in 1996 to encourage businesses to create new jobs in Maryland. The credit is available State-wide, but lower job thresholds and increased credits are available in targeted areas. The credits are available for full-time jobs, paying at least 150 percent of federal minimum wage in targeted industry sectors. The JCTC is available anywhere in the State in a variety of targeted industry sectors.

In FY 2015, the Department issued nine final certificates of eligibility for the JCTC. The amount of tax credits actually claimed by the company is not known to the Department because of taxpayer confidentiality. However, based on the eligible jobs and wages, the companies could be eligible to claim as much as \$528,356 in credits for creating 511 new jobs in Maryland. The impacts are adjusted to 491 direct jobs and \$34.4 million in wages to avoid overlap. These jobs are estimated to generate 1,001 total jobs and \$2.8 million in annual tax revenues to the State.

**JCTC FY 2015 Annual Impacts**

	<b>Jobs</b>	<b>Wages</b>	<b>Annual State Revenues</b>
<b>Direct</b>	491	\$34,409,140	\$1,864,040
<b>Secondary</b>	510	\$18,738,310	\$973,250
<b>Total</b>	1,001	\$53,147,450	\$2,837,290

Commerce analysis using IMPLAN, Amounts in 2015 dollars

**One Maryland Tax Credit (OneMD)**

The One Maryland Tax Credit (OneMD) was enacted in 1999 to promote job creation and investment in qualified distressed communities, those counties with high unemployment and low per capita income compared to the rest of Maryland. To qualify for the credits, the business must create at least 25 new jobs and make capital expenditures. The jobs must be full-time, pay at least 150 percent of federal minimum wage and the business must be in a targeted industry sector.

In FY 2015, the Department issued Final Certificates of Eligibility to two companies. The businesses created 92 new jobs with a payroll of \$7.9 million. The 92 reported jobs generate 269 total jobs for \$771,050 in annual tax revenues to the State. The projects incurred an estimated \$4.2 million in eligible project and start-up costs. Project costs are the expenses incurred with the acquisition, construction, rehabilitation, installation, and equipping of an eligible project. Additional start-up costs are for the expense of moving a business from outside Maryland and the costs of furnishing and equipping a new location. These activities generate additional direct jobs to the State outside of the direct jobs but these are not included.

**One Maryland Tax Credits FY2015 Annual Impacts**

	<b>Jobs</b>	<b>Wages</b>	<b>Annual State Revenues</b>
<b>Direct</b>	92	\$7,890,760	\$420,440
<b>Secondary</b>	177	\$6,699,830	\$350,610
<b>Total</b>	269	\$14,590,590	\$771,050

Commerce analysis using IMPLAN, Amounts in 2015 dollars

The amount of tax credits actually claimed by the company is not known to the Department. However, based on the eligible project costs, the companies could be eligible to claim as much as \$4.2 million in credits. As a non-discretionary tax credit, the applicants must demonstrate that they have met job creation and investment targets prior to claiming the credits. Businesses with a large income tax liability and that create a large number of jobs use the credit more quickly than businesses that create a smaller number of jobs and have little or no tax liability. Businesses have 14 years to carry the credit forward, but they must maintain the jobs for that period. Because the refundable portion of the credit is limited to the payroll withholding of the qualified jobs, the businesses that create a large number of jobs will accelerate their ability to use their full credit. But those with smaller job numbers or lower wages (but above the \$10.88 minimum) may not be able to take the full tax credit.

### Partnership for Workforce Quality (PWQ)

The Partnership for Workforce Quality Program (PWQ) was established by legislation in 1989 to assist Maryland companies to invest in training for employees. The funds enable companies to acquire new skills and technologies that have been identified by the business plan as a catalyst for growth and competitiveness in the industry. PWQ helps participating companies develop and implement training systems to improve business competitiveness and worker productivity, upgrade the skills of workers to accommodate new technologies and production processes, and promote employment stability. Funds are disbursed to eligible Maryland companies in the form of grants for up to 50 percent of qualified reimbursable direct cost of training.

In FY 2015, seven companies received training grants totaling \$108,395 with training costs of \$184,821 for the training of 339 employees. The companies also reported 28 new jobs and 309 retained jobs. The impact analysis below is based on the impact of the 339 trainee jobs only. Additional benefits are possible from providing improved skills and increasing productivity. Those jobs generate an additional 584 secondary jobs and total annual State revenues of \$2.6 million.

#### PWQ FY2015 Annual Impacts

	Jobs	Wages	Annual State Revenues
<b>Direct</b>	339	\$24,332,990	\$1,318,180
<b>Secondary</b>	584	\$23,453,000	\$1,252,580
<b>Total</b>	923	\$47,785,990	\$2,570,760

Commerce analysis using IMPLAN, Amounts in 2015 dollars

### Maryland Economic Development Assistance Authority Fund (MEDAAF)

The Maryland Economic Development Assistance Authority Fund (MEDAAF) is the primary economic development finance tool offered by the Department. MEDAAF was enacted in 1999 to provide below market, fixed rate financing to growth industry sector businesses, locating or expanding in priority funding areas of the State. The MEDAAF program is administered under five capabilities that address appropriate economic development opportunities for both the business community and political jurisdictions as follows:

- MEDAAF Capability 1 - Significant Strategic Economic Development Opportunities
- MEDAAF Capability 2 - Local Economic Development Opportunities
- MEDAAF Capability 3 - Direct Assistance to Local Jurisdictions or MEDCO
- MEDAAF Capability 4 - Regional or Local Revolving Loan Funds
- MEDAAF Capability 5 - Special Purpose Grants and Loans/Brownfields

The primary job creation capabilities are MEDAAF-1 and 2. MEDAAF-3 provides direct assistance to local jurisdictions for economic development projects and MEDAAF-4 provides for local governments to create revolving loan funds to assist small businesses. MEDAAF-5 has several special purposes including day care facility finance, Arts and Entertainment Districts, and brownfield remediation.

**MEDAAF Capability 1 - Significant Strategic Economic Development Opportunities**

Projects under this capability are normally regarded as producing significant economic development opportunities on a Statewide or regional level. Assistance is provided directly to businesses or through the Maryland Economic Development Corporation (MEDCO) in the form of a loan. The maximum assistance under this capability cannot exceed the lesser of \$10,000,000 or 20 percent of the current fund balance. This capability has had limited use due to budgetary constraints on funding and there was no activity in FY2015.

**MEDAAF Capability 2 - Local Economic Development Opportunities**

Capability 2 of MEDAAF provides assistance in the form of a loan, a conditional loan, investment, or a grant directly to a business or to MEDCO for use in the project. All assistance under this capability must be endorsed through a formal resolution by the governing body of the jurisdiction in which the project is located. In addition, the local jurisdiction must participate in an amount equal to at least 10 percent of the total assistance. Funds may be used for land acquisition, infrastructure improvements, buildings, fixed assets and leasehold improvements.

Five companies received funding under MEDAAF-2 totaling \$3.9 million in FY 2015. The recipients include a manufacturer, two pharmaceutical manufacturers and two professional service companies. The companies committed to creating 706 new jobs and retaining 3,251 jobs for a total of 3,957 direct jobs. With an average annual salary over \$102,000, the direct jobs are estimated to generate \$41 million in annual State revenues. Including secondary impacts, the annual State revenues are over \$65 million. In addition, project costs totaling \$314 million may generate additional economic activity and revenues for the state although these are not included in the impacts below.

**MEDAAF-2 FY2015 settled transactions**

Number	Industry	Loan Amount	Total Project Costs	New and Retained Jobs
3	Manufacturing	3,600,000	305,300,000	3,676
2	Professional, Scientific, and Technical Svcs	300,000	9,650,000	281
<b>5</b>	<b>Total</b>	<b>3,900,000</b>	<b>314,950,000</b>	<b>3,957</b>

**MEDAAF-2 FY2015 Annual Impacts**

	Jobs	Wages	Annual State Revenues
<b>Direct</b>	3,957	\$730,317,410	\$41,448,070
<b>Secondary</b>	10,588	\$465,072,600	\$24,387,130
<b>Total</b>	14,545	\$1,195,390,010	\$65,835,210

Commerce analysis using IMPLAN, Amounts in 2015 dollars

**2. Local Government Support for Economic Development**

Commerce partners with numerous agencies and organizations to bring strategic economic development opportunities to communities throughout Maryland. The Department may provide funding to a local jurisdiction or to the Maryland Economic Development Corporations for

commercial and industrial economic development projects, strategic plans, feasibility studies, revolving loan funds and infrastructure projects. There may be no reported immediate job impacts of these projects, as the funds go directly to the jurisdiction and not to a business. The evaluation therefore should be based on results reported by the community in terms of assistance leveraged and project costs.

### **MEDAAF Capability 3 - Direct Assistance to Local Jurisdictions or MEDCO**

Capability 3 of MEDAAF provides assistance directly to a local jurisdiction or MEDCO for local economic development needs including feasibility studies, economic development strategic plans, and infrastructure. Funds may be used for buildings, infrastructure improvements, fixed assets and leasehold improvements. All assistance under this capability must be endorsed through a formal resolution by the governing body of the jurisdiction in which the project is located.

Assistance provided may be in the form of a loan, a conditional loan, investment, or a grant. During FY2015, the Department completed ten transactions totaling \$ 9,369,349 consisting of funding for six local strategic plans, a grant for the Cyber Security Center, One Maryland investment in Allegany County's Barton Business Park, a grant for construction of the Dorchester County technology incubator, and for construction of a science and technology building in the East Baltimore development.

These projects accounted for over \$86 million in project costs. The project costs are estimated to generate 323 direct jobs and \$30 million in wages. The direct and secondary jobs are estimated to generate \$3 million in annual State revenues. The project investments may generate construction jobs related to the infrastructure improvements but these are not included. Funding for strategic plans went to the Caroline County, the Town of Centreville, Cumberland, St. Mary's County and Wicomico County. There are no reported immediate job impacts of the feasibility studies or strategic plans, as the funds go directly to the jurisdiction and not to a business.

#### **MEDAAF-3 FY2015 Annual Impacts**

	<b>Jobs</b>	<b>Wages</b>	<b>Annual State Revenues</b>
<b>Direct</b>	323	\$30,268,030	\$1,629,980
<b>Secondary</b>	733	\$27,556,700	\$1,444,030
<b>Total</b>	1,057	\$57,824,720	\$3,074,010

Commerce analysis using IMPLAN, Amounts in 2015 dollars

### **MEDAAF Capability 4 - Regional or Local Revolving Loan Funds**

Capability 4 of MEDAAF provides assistance to local jurisdictions to help capitalize local economic development revolving loan funds. The Department provides assistance to jurisdictions for their revolving loan funds to more effectively reach diverse geographic and industry segments of the business community. The typical revolving loan fund client is a small business that may be in an industry sector, such as retail service, that is not otherwise eligible for assistance. The final recipient of financing is determined by the local jurisdiction.

Eligible applicants include jurisdictions or a jurisdiction's designated regional economic development agency, whether public or private. Jurisdictions may receive funding of up to

\$250,000 annually. To qualify for funding, local jurisdictions must provide acceptable matching funds into the designated revolving loan fund. FY 2015 recipients were Baltimore Development Corporation. There are no reported job impacts, as the funds go directly to the jurisdiction and not to a business. The jurisdictions report on the economic benefits for their communities.

### **Community Development Block Grants (CDBG)**

CDBG is a Federally-funded program that provides communities with resources to address a wide range of unique community development needs. Funds are allocated to States and Small Cities based on poverty and population statistics. Maryland's CDBG program is administered jointly by DHCD and the Department. Approximately 25 percent of the State's annual CDBG award is allocated to the Department for job creation. Under federal guidelines, the assistance must be targeted to low and moderate-income citizens in non-urban areas of the State. The Department's strategy for use of CDBG-ED funds emphasizes support of local government economic development initiatives that encourage commercial and industrial growth, workforce training, commercial revitalization, and development and growth of small businesses. Funds are disbursed to local jurisdictions in the form of a conditional grant. The local jurisdiction may lend the funds to a commercial enterprise or directly use the funds for infrastructure improvements needed by businesses or other eligible projects. Eligible projects include revolving loan funds that serve the needs of local businesses.

In FY 2015 a grant totaling \$400,000 was awarded to the Town of Grantsville in Western Maryland. The Town is in the process of renovating a former site of a meat plant and turning it into a new cheese manufacturing plant. The funding will enable High Country to open a local goods and produce market, as well as a deli and café for the residents of Garrett County. Grantsville reports 12 new jobs and project costs of \$1,062,000.

#### **CDBG-ED FY2015 Annual Impacts**

	<b>Jobs</b>	<b>Wages</b>	<b>Annual State Revenues</b>
<b>Direct</b>	12	\$1,123,200	\$60,490
<b>Secondary</b>	27	\$1,022,590	\$53,590
<b>Total</b>	39	\$2,145,790	\$114,070

Commerce analysis using IMPLAN, Amounts in 2015 dollars

### **3. Leveraging private investment**

To help secure more funding for Maryland's entrepreneurs and reduce risk, Commerce programs encourage private sector investments with insurance and the issuance of tax-exempt and taxable revenue bonds.

#### **Maryland Industrial Financing Authority (MIDFA)**

The Maryland Industrial Development Financing Authority (MIDFA) was established by the Maryland General Assembly in 1965 to promote significant economic development by providing financing support to manufacturing, industrial and technology businesses located in or moving to Maryland. MIDFA encourages private sector investments through the use of insurance, the issuance of tax-exempt and taxable revenue bonds and linked deposits which reduces a lender's

risk and increase access to capital for small and mid-sized companies. The Program has increased its commitment to growth and development of small business by increasing outreach efforts to community banks.

The Fund does not provide direct loans, but provides insurance to transactions resulting in reduced credit risks, and enabling better terms from private financial institutions. During FY 2015, MIDFA settled eight transactions to five businesses, totaling \$54,112,200; insured for \$10,185,120. The projects include a commercial bakery expansion, three manufacturing expansions and an education provider. The companies reported 227 new jobs and 586 retained jobs and project costs of \$80 million.

#### **MIDFA FY2015 Annual Impacts**

	<b>Jobs</b>	<b>Wages</b>	<b>Annual State Revenues</b>
<b>Direct</b>	813	\$26,293,270	\$1,329,940
<b>Secondary</b>	617	\$25,022,780	\$1,334,880
<b>Total</b>	1,430	\$51,316,050	\$2,664,820

Commerce analysis using IMPLAN, Amounts in 2015 dollars

#### **4. Assistance to small and minority businesses**

Another economic development priority is to target assistance to populations and areas that have been underserved compared to the rest of the region. Several of the Department's job creation programs, such as One Maryland tax credits are limited to those jurisdictions with higher levels of unemployment or lower incomes than the rest of the State. These targeted programs aim to ensure that economic development incentives are used broadly across the State. Unlike most economic development incentives, these programs may be used for non-basic industries such as retail which may not bring new spending into the State, but that support existing businesses and entrepreneurs that are in areas experiencing greater economic distress.

##### **Military Personnel and Veterans-Owned Small Business No-Interest Loan Program**

The Military Personnel and Veterans-Owned Small Business No-Interest Loan Program (MPVOLP) was enacted originally in 2006 to assist with costs that result from the call to active duty for businesses owned by military reservists and National Guard members and for small businesses that employ such persons. In the 2013 Legislative session, the Maryland General Assembly approved Chapter 105, which altered the name and expanded eligibility for participation in the program to include all veteran owned small businesses. The change also eliminated the requirement for a veteran to have a service related disability to use the program.

In the 2015 Legislative session, the Maryland General Assembly authorized conversion of the program to a special, non-lapsing fund that enables the program to retain loan payments received from borrowers in the fund. Also, a balance, if any, remaining in the program at the end of a fiscal year will not be required to revert to the State Treasurer.

During fiscal year 2015, the Department settled seven MPVOLP transactions that will utilize \$245,000 of program funds. These projects are anticipated to create and retain 70 jobs.

Recipients include a medical transportation company, a wholesale distributor, a salon, and an IT staffing firm.

#### **Military/Veteran Small Business FY2015 Annual Impacts**

	<b>Jobs</b>	<b>Wages</b>	<b>Annual State Revenues</b>
<b>Direct</b>	70	\$2,680,970	\$144,510
<b>Secondary</b>	44	\$1,581,670	\$82,280
<b>Total</b>	114	\$4,262,640	\$226,790

Commerce analysis using IMPLAN, Amounts in 2015 dollars

#### **Maryland Small Business Development Financing Authority (MSBDFA)**

The Maryland Small Business Development Financing Authority (MSBDFA) was enacted in 1978 to promote the viability and expansion of businesses owned by economically and socially disadvantaged entrepreneurs. In 2001 the Maryland General Assembly modified the statute to include all small businesses that do not meet the credit criteria of financial institutions, and consequently are unable to obtain adequate business financing on reasonable terms through normal financing channels.

MSBDFA offers contract financing, surety bonds, guaranty funds and equity participation. During FY2015, 24 transactions were settled in the form of loans, guaranties and surety bonds, totaling \$6.7 million.

- The Contract Financing Program (CFP) provides financial assistance to eligible businesses in the form of direct loans and loan guaranties. The funds may be used for working capital and the acquisition of equipment needed to begin, continue, or complete work on contracts where a majority of funds are provided by a federal, state or local government agency or utilities regulated by the Public Service Commission. During FY 2015 nine loan transactions closed totaling \$2.375 million.
- Guaranty Fund Program (GFP) provides financial assistance to eligible businesses in the form of loan guaranties and interest rate subsidies for loans made by financial institutions. During FY 2015 there were two transactions under the Guaranty Fund component requiring \$329,000 of guarantee support and four guaranties through the Federal State Small Business Credit Initiative (SSBCI) fund for 232,500.
- Surety Bond Program (SBP) assists eligible small businesses in obtaining bid, performance or payment bonds necessary to perform on contracts where the majority of funds are provided by a government agency, public utility company or private entity. During FY2015, one application was settled for \$1.0 million.
- Equity Participation Investment Program's (EPIP) purpose is to expand business ownership by socially and economically disadvantaged entrepreneurs and small businesses that do not meet the established credit criteria of financial institutions and are unable to obtain adequate business financing on reasonable terms through normal financing channels. Financial assistance is provided through the use of loans, loan guaranties, and equity investments. In FY2015 there were eight EPIP transactions equal to \$1.86 million.

In total there were 24 settled MSBDFA transactions to 21 recipients in FY 2015 totaling \$6.17 million. The recipients reported 211 new jobs, 282 retained jobs and total project costs of \$7.8 million. These jobs are estimated to generate 274 additional jobs and total annual State revenues of \$1.5 million. Three of the recipients received multiple awards and one also received financing through the Video Lottery Terminal loan fund. The job impacts are divided between the MSBDFA impacts and the VLT impacts.

#### **MSBDFA FY2015 Annual Impacts**

	<b>Jobs</b>	<b>Wages</b>	<b>Annual State Revenues</b>
<b>Direct</b>	485	\$17,532,970	\$945,060
<b>Secondary</b>	274	\$10,048,750	\$521,180
<b>Total</b>	759	\$27,581,720	\$1,466,240

Commerce analysis using IMPLAN, Amounts in 2015 dollars

#### **Video Lottery Terminal Fund (VLT)**

The Small, Minority, and Women-Owned Business Account- Video Lottery Terminal Fund (VLT) provides investment capital and loans to small, minority, and women-owned businesses in the State. The 2007 legislation establishing VLTs in Maryland created the Small, Minority, and Women-Owned Businesses Account. State Law generally requires that 1.5 percent of VLT proceeds be paid into the Account to be used by the Board of Public Works (BPW) to make grants to eligible fund managers to provide investment capital and loans to small, minority, and women-owned businesses in the State, of which at least 50 percent must be allocated to such businesses in the jurisdictions and communities surrounding a video lottery facility. The Department is the designated administrator of the funds. Eligible Fund Managers oversee the distribution of video lottery terminal funds. In FY2015 there were seven designated fund managers that received funds for the purpose of making loans to small, minority, and women-owned businesses in the State.

- Anne Arundel Economic Development Corporation (AAEDC) approved 12 transactions totaling \$1,683,000.
- Baltimore County Department of Economic and Workforce Development approved 12 transactions totaling \$1,440,000.
- Baltimore Development Corp. approved 4 transactions totaling \$920,000.
- Howard County Economic Development Authority approved 9 transactions totaling \$1,380,000.
- Maryland Capital Enterprises Inc. (MCE) approved 9 transactions totaling \$ 405,399.
- Meridian Management Group, Inc. (MMG) approved 18 transactions totaling \$2,843,000.
- Tri County Council for Western Maryland approved 2 transactions totaling \$610,000.

The businesses supported by the VLT funds have an average of fewer than ten employees. The largest industry sectors supported are professional services, accommodation and food services, other services, construction and manufacturing.

In total, the fund managers reported that 66 companies received funding totaling \$ 9,281,399 supporting 1,329 new and retained jobs. The direct jobs were adjusted to adjust for impacts

reported to other programs. The impact therefore is 1,314 direct jobs, resulting in 2,098 total jobs and \$3.7 million in annual State revenue.

#### **VLT FY 2015 Annual Impacts**

	<b>Jobs</b>	<b>Wages</b>	<b>Annual State Revenues</b>
<b>Direct</b>	1,314	\$43,970,790	\$2,224,090
<b>Secondary</b>	784	\$29,441,800	\$1,532,930
<b>Total</b>	2,098	\$73,412,590	\$3,757,020

Commerce analysis using IMPLAN, Amounts in 2015 dollars

## **5. Promoting technology startups and innovation**

Another strategy for promoting economic growth is promoting technology innovation. Through the process of invention and commercialization, new economic activity is created that attracts investment and spending from outside the region. These kinds of activities may require different incentives, as the needs of technology startups differ from those of existing businesses. The goal is to trigger the higher wages and faster growth these activities stimulate. Maryland has a number of programs that are designed to take advantage of the State's unique opportunities in areas of technology and innovation. These include the State's incubators, TEDCO programs, university technology transfer, tax credits and direct investment. The goal is the commercialization of existing technology to create new economic activity and the creation of new startups. The core metric is generally related to the amount of investment leveraged, the number of startups nurtured, and "graduations" from incubators. The number of jobs created by the recipients is generally smaller than other programs initially, with greater potential for growth in later years.

### **Biotechnology Investment Incentive Tax Credit (BIITC)**

Maryland's Biotechnology Investment Tax Credit (BIITC) program provides income tax credits for investors that invest in Qualified Maryland Biotechnology Companies (QMBCs). This tax credit program was enacted in 2005 to offer incentives for investment in seed and early stage, privately-held biotech companies. In Fiscal Year 2014, the appropriation was \$10 million and in Fiscal Year 2015 \$12 million.

There were 29 QMBCs to qualify for investments through the program in calendar year 2014, with four of those pending. The amount of Final Tax Credit Certificates awarded during the calendar year 2014 was \$9,670,990, leveraging over \$18 million in investment. The QMBCs reported a total of 226 Maryland-based employees, for an average of eight employees per company. The average salary of company employees for the QMBCs was \$102,000. Half of the companies reported using the investment to hire a total of 35 new employees. The companies projected that they would create a total of up to 84 new jobs in the next 12 months, an average of 3 to 4 new jobs per company. The companies reporting revenue had total revenues of \$12.9 million in 2014, an increase of 50 percent over 2013.

**BIITC Annual Impacts 2014**

	<b>Jobs</b>	<b>Wages</b>	<b>Annual State Revenues</b>
<b>Direct</b>	226	\$20,740,780	\$1,116,920
<b>Secondary</b>	569	\$25,735,260	\$1,360,820
<b>Total</b>	795	\$46,476,040	\$2,477,740

Commerce analysis using IMPLAN, Amounts in 2015 dollars

As the BIITC is not primarily a job creation program, the evaluation includes the follow on activities leveraged by the investment. These include equipment purchases totaling \$321,400, clinical trials, research and development and developing products for market. Investments are used for securing intellectual property protection, marketing and other expenditures, including legal fees, business development, product manufacturing and fundraising. As the biotech companies succeed in producing commercial products, the impacts are expected to increase.

**Biotechnology Development Awards**

The Biotechnology Development program awards grants of \$50,000-200,000 for to advance the movement of research and development toward product commercialization. Funding may be used for capital expenses, services, or salaries. Companies have a repayment obligation of 3 percent of total company revenue (excluding grants and awards) annually, capped at 40 percent of the award per year, with a maximum payback of 2 times the award. The annual payback obligation extends for ten years following the completion of the funded project. Awards made to Universities only are repaid from royalty revenues and a percentage of the licensing fee. In 2015 the program was moved to TEDCO per HB 943/SB 776 – Economic Competitiveness and Commerce – Restructuring.

Six companies received grants in FY 2015 totaling \$864,954. The companies, all engaged in scientific research and development, reported project costs of \$4.5 million but only six new or retained jobs. The reported jobs would generated 16 total jobs in FY 2015 for \$46,830 in annual tax revenues to the State. However, based on the project costs, the impacts would be 44 total jobs and \$127,180 in annual State revenues. A full evaluation of impacts would include an estimate of potential royalties and revenue repayment over a period of years. Success is measured in terms of company formations spun-out of university research and those companies securing outside finding for further research.

**Biotech Grants FY 2015 Annual Impacts**

	<b>Jobs</b>	<b>Wages</b>	<b>Annual State Revenues</b>
<b>Direct</b>	6	\$509,580	\$27,150
<b>Secondary</b>	10	\$376,710	\$19,680
<b>Total</b>	16	\$886,280	\$46,830

Commerce analysis using IMPLAN, Amounts in 2015 dollars

### Cybersecurity Investment Incentive Tax Credit (CIITC)

Maryland's Cybersecurity Investment Incentive Tax Credit (CIITC) program provides a refundable income tax credit to Qualified Maryland Cybersecurity Companies (QMCCs) that secure investment from investors. The purpose of this new program is to incentivize and attract cybersecurity companies to startup in or move to Maryland; and to attract investment to cybersecurity companies in order to help them grow, create jobs and retain intellectual property in Maryland. The program was enacted in 2013 and was funded in FY 2015 in the amount of \$3 million.

There were two Qualified Maryland Cybersecurity Companies (QMCCs) that qualified for tax credits totaling \$620,625 through the program in FY 2015. QMCCs receive a credit equal to 33% of an eligible investment in the QMCC. Based on the total leveraged investment of \$1.86 million, the impacts are estimated to be 19 total jobs and \$61,280 in annual State revenues.

#### CIITC Annual Impacts 2015

	Jobs	Wages	Annual State Revenues
<b>Direct</b>	8	\$740,260	\$39,860
<b>Secondary</b>	11	\$410,660	\$21,410
<b>Total</b>	19	\$1,150,920	\$61,280

Commerce analysis using IMPLAN, Amounts in 2015 dollars

### Maryland Venture Fund (MVF)

The Maryland Venture Fund was established to make equity investments in new enterprises in the State and to stimulate venture capital investments in Maryland. MVF targets investments in early stage, high technology companies experiencing difficulties attracting private sector investment dollars. MVF activities are provided through five types of Program activity: the Enterprise Investment Fund, the Challenge Investment Program (CIP), the Enterprise Venture Capital Limited Partnerships (VCLP) Fund, the Maryland/Israel Development Fund and the FIPS Certification Grant Program. In 2015 the Venture Fund was moved to TEDCO per HB 943/SB 776 – Economic Competitiveness and Commerce – Restructuring.

The primary investment fund is the Enterprise Investment Fund, through which MVF makes equity and convertible debt investments in early stage, high technology firms that are seeking outside venture capital for their first influx of meaningful investment dollars. In addition to recycling funds earned from EIF's legacy investments, EIF is capitalized from the InvestMaryland Program in which approximately \$84 million was generated via the InvestMaryland online insurance premium tax credit auction, and the State Small Business Credit Initiative (SSBCI), a federal stimulus program from which MVF received approximately \$16 million. During FY 2015, MVF closed 20 transactions. Of these transactions, 14 were InvestMaryland Enterprise investments totaling \$2,800,504, and were four Enterprise SSBCI investments totaling \$1,800,000. In addition, there were two Challenge Grants totaling \$200,000.

MVF also is charged with investing a portion of the InvestMaryland dollars into other venture funds that in turn commit to invest that amount in Maryland companies. In FY2015, there was one such transaction totaling \$5 million.

Companies receiving direct investments reported 534 new jobs and 162 retained jobs and total project expenditures of \$38.8 million. These jobs are estimated to generate 1,310 total jobs and total annual State revenues of \$3.1 million.

#### MVF FY 2015 Annual Impacts

	Jobs	Wages	Annual State Revenues
<b>Direct</b>	692	\$34,501,200	\$1,904,360
<b>Secondary</b>	618	\$23,224,800	\$1,210,160
<b>Total</b>	1,310	\$57,726,000	\$3,114,520

Commerce analysis using IMPLAN, Amounts in 2015 dollars

### Research and Development (R&D) Tax Credit

The Research and Development Tax Credit (R&D Tax Credit) was enacted in 2000 to encourage businesses to maintain and increase R&D expenditures in the State. The R&D tax credit is not a tax credit that specifically targets job creation although it likely supports the increase in R&D jobs in the State.

The tax credit is limited on an annual basis. In FY 2015 it was limited to \$4.5 million for the Basic R&D Tax Credit and \$4.5 million for the Growth R&D Tax Credit. To qualify for the Growth R&D credit a company's current year R&D expenditures must exceed its average expenses over the last four years. The program has been oversubscribed since first enacted, so the businesses receive a pro-rated share of the total amount available for both the Basic and Growth tax credit.

The Department certified 200 businesses to receive credits for research conducted in Maryland for their tax year ending in 2013 (certified in FY 2015). The largest share of tax credits go to manufacturers, with nearly \$6 million of the \$9 million in total credits. The business reports the total number of jobs in Maryland and total number of jobs related to R&D, but they are not necessarily as a result of the R&D tax credit. The companies reported 13,915 Maryland employees engaged in R&D and a total of 65,382 Maryland employees. Manufacturers represent 60 percent of the employees engaged in R&D.

Industry	Count of Recipients	Tax Credit Amount
Manufacturing	88	5,862,914
Professional, Scientific and Technical Services	67	1,480,126
Information	20	1,378,927
Construction	8	129,414
Wholesale Trade	9	109,310
Other	8	39,309
<b>Total</b>	<b>200</b>	<b>\$9,000,000</b>

The businesses applying for the Maryland R&D tax credit incurred \$1.15 billion in research and development expenses in the tax year ending 2013. Total R&D spending in 2013 increased \$143 million over the 2009-2012 average. Of the 200 businesses that received certification, 127

increased their R&D expenses in 2013 over their average R&D expenses from the previous four years, and were therefore able to claim the Growth R&D Tax Credit.

Based on the amount of increase in R&D expenditures in the State, we estimate the program created 412 direct jobs, or 3 percent of the 15,076 Maryland employees engaged in R&D reported by the recipient companies. The total impact is 943 jobs and \$48 million in wages. The total State revenue from those jobs is \$2.6 million.

**R&D Tax Credit FY 2015 Impacts (Tax Year 2013)**

	<b>Jobs</b>	<b>Wages</b>	<b>Annual State Revenues</b>
<b>Direct</b>	412	\$27,591,890	\$1,515,730
<b>Secondary</b>	531	\$20,763,210	\$1,099,980
<b>Total</b>	943	\$48,355,100	\$2,615,710

Commerce analysis using IMPLAN, Amounts in 2015 dollars

## **6. Economic diversification through targeted industry support**

While many state economic development programs aim to provide incentives to businesses from any industry, a large proportion of state programs target their incentives at specific industries. These may be existing industries which have proven particularly valuable to the economy of the state, are considered to have growth potential, or are emerging industries perceived as having strong future growth potential. The specific industries most targeted by incentive programs are research and development, entertainment and visitor industries, transportation and logistics, agribusiness and food processing, and energy (renewable and fossil). Other industries frequently targeted by incentive programs include life sciences, information technology, defense and security and advanced manufacturing.

As with other states, many of Maryland's programs are intended to diversify the economy by focusing resources on the industry sectors that promote the greatest impact and opportunities for growth. The focus is generally on industries that bring new spending into the State that would not otherwise occur. Examples include:

- Cybersecurity Investment Incentive Tax Credit
- Biotechnology Investment Incentive Tax Credit
- Cellulosic Ethanol Technology R&D Tax Credit
- Employer Security Clearance Costs Tax Credit
- Maryland Wineries and Vineyards Tax Credit

### **Employer Security Clearance Costs Tax Credit**

The Maryland Employer Security Clearance Costs Tax Credit program was enacted during the 2012 session of the Maryland General Assembly. The Maryland Employer Security Clearance Costs Tax Credit Program includes three tax credits:

- Security Clearance Administrative Expense Tax Credit – This credit is 100% of eligible administrative expenses related to obtaining and maintaining federal security clearance

for employees up to \$200,000. Employers reported they incurred \$1.72 million in eligible costs.

- Sensitive Compartmented Information Facility Costs Tax Credit – This tax credit is 50% of eligible construction or renovation costs of a single Sensitive Compartmented Information Facility (SCIF) up to \$200,000, and costs related to multiple SCIFs up to \$500,000. Employers reported they incurred \$1.66 million in SCIF costs.
- First Year Leasing Costs Tax Credit for Qualified Small Business – This credit is 100% of eligible first year leasing costs for small businesses doing security-based contract work up to \$200,000. Employers reported they incurred \$41,609 in lease costs.

Commerce certified 40 businesses to receive credits for incurring \$3.42 million in qualified costs in Maryland for their tax year ending in 2013. The recipients and credit amounts are listed in Appendix D. At the nominal statutory rates, applicants would have received \$2.34 million in tax credits. However the tax credits are limited to \$2 million. Therefore, the effective rate for the tax credit is reduced to 85.64 percent.

#### Employer Security Clearance Costs Tax Credit Impacts

	Jobs	Wages	Annual State Revenues
<b>Direct</b>	18	\$1,098,410	\$60,340
<b>Secondary</b>	20	\$700,870	\$36,450
<b>Total</b>	37	\$1,799,280	\$96,790

Commerce analysis using IMPLAN, Amounts in 2015 dollars

#### Maryland Film Production Activity Tax Credit

The Maryland Film Production Activity Tax Credit (Film tax credit) is a tax credit for qualified direct costs of qualified film production activities including feature films and TV series. The program intent is to encourage film production activity in Maryland. A film production entity may receive a refundable income tax credit of up to 25 percent of qualified direct costs of a film production activity. A television series may receive a credit of up to 27 percent of qualified direct costs. To retain the filming of major two television productions \$32.5 million in tax credits was authorized over three years through FY2016. Those funds were committed in 2013. Legislation passed in 2014 that provided funds to provide \$7.5 million to enhance the tax credit.

Film production tax credits totaling \$9,156,525 in FY 2015 supported two productions in Maryland representing over \$84,494,684 of spending in the State. The productions reported that they hired 3,133 local crew (crew, technicians, cast and extras) and purchased goods or services from 2,758 Maryland businesses. An analysis of the detailed production expenditures was used to estimate the number of direct, full-time equivalent jobs generated by the projects.

**Film Production Activity Tax Credit FY 2015 Impacts**

	<b>Jobs</b>	<b>Wages</b>	<b>Annual State Revenues</b>
<b>Direct</b>	688	\$13,427,510	\$715,430
<b>Secondary</b>	424	\$12,335,820	\$642,370
<b>Total</b>	1,112	\$25,763,330	\$1,357,790

Commerce analysis using IMPLAN, Amounts in 2015 dollars

**Wineries and Vineyards Tax Credit**

The Maryland Wineries and Vineyards Tax Credit program was enacted in 2012 for qualified capital expenses related to a Maryland winery or vineyard. The credit is equal to 25% of qualified capital expenses made in connection with the establishment of new wineries or vineyards, or capital improvements made to existing wineries or vineyards in Maryland. Total credits granted may not exceed \$500,000 in a year. If the total amount of credits applied for exceeds \$500,000, the credit is prorated among the certified applicants.

Commerce certified 31 wineries and vineyards to receive credits for \$2.74 million in capital expenditures made in Maryland for their tax year ending in 2013. The recipients and credit amounts are listed in Appendix E. At the nominal statutory rate, applicants would have received \$684,400 in tax credits. However the credits are limited to \$500,000. Therefore, the effective rate for the tax credit is reduced to 73.06 percent.

**Wineries & Vineyards Tax Credit 2015 Impacts**

	<b>Jobs</b>	<b>Wages</b>	<b>Annual State Revenues</b>
<b>Direct</b>	11	\$194,200	\$10,350
<b>Secondary</b>	9	\$410,830	\$21,780
<b>Total</b>	20	\$605,030	\$32,120

Commerce analysis using IMPLAN, Amounts in 2015 dollars

**7. Special Purpose****MEDAAF Capability 5 - Special Purpose Grants and Loans**

This capability contains targeted programs for specialty initiatives that have at one time or another been deemed critical to the State's economic health and development by the General Assembly. These specialty programs may be exempt from local participation and certain other MEDAAF requirements. The special purpose initiatives include Brownfields, Seafood and Aquaculture, Animal Waste, Day Care, and Arts and Entertainment. In FY2015 a total of \$855,000 was awarded for two Arts & Entertainment District grants and five Brownfield Remediation conditional grants.

The funds do not have a direct job creation component. The economic impacts are estimated based on the project costs, which are for eligible environmental expenses, redevelopment of former industrial sites, and building renovations. Based on total project costs of \$25.6 million, the project activities would generate 145 jobs and \$408,360 in annual State revenues. Additional revenue benefits are possible as the properties and facilities are redeveloped.

**MEDAAF-5 FY2015 Annual Impacts**

	<b>Jobs</b>	<b>Wages</b>	<b>Annual State Revenues</b>
<b>Direct</b>	145	\$4,714,580	\$238,470
<b>Secondary</b>	92	\$3,248,180	\$169,900
<b>Total</b>	236	\$7,962,760	\$408,360

Commerce analysis using IMPLAN, Amounts in 2015 dollars

**ExportMD**

The ExportMD program helps to offset some of the costs of marketing internationally for Maryland's small and mid-sized companies. Maryland companies that receive an ExportMD Award are eligible for up to \$10,000 in reimbursement for expenses associated with an international marketing project and can also receive up to 40 hours of assistance from the Maryland Department of Commerce's trade experts located in nine countries around the globe. Eligible expenses include those related to an international marketing initiative including trade show fees, airfare, translation of brochures and web site development. These activities may result in additional contracts and increased sales which lead to increased employment. In FY 2015 44 companies received grants of \$5,000 for a total of \$220,000. The companies reported that the activities supported by the grants created and supported 188 jobs.

**ExportMD FY2015 Annual Impacts**

	<b>Jobs</b>	<b>Wages</b>	<b>Annual State Revenues</b>
<b>Direct</b>	183	\$11,327,490	\$622,260
<b>Secondary</b>	198	\$7,577,580	\$395,140
<b>Total</b>	381	\$18,905,070	\$1,017,410

Commerce analysis using IMPLAN, Amounts in 2015 dollars

## **Evaluating Program Effectiveness**

Program evaluation is one of the most vital steps in the economic development process. The Pew Charitable Trusts and the Center for Regional Economic Competitiveness (CREC) have been leading an initiative to improve state incentive evaluations since 2014. Together, Pew, CREC and a team of representatives from Maryland and five other states are working to develop a set of best practices for states to use in ongoing program evaluations. The Pew initiative has helped identify common issues in conducting incentive evaluations.

### **Identifying goals –**

- A clear goal or performance statement is the foundation of good evaluations, as well as effective program management. Program evaluations should begin with a clear statement of goals and objectives and metrics should be aligned with those goals and objectives. Yet a surprising number of tax credit and other incentive programs have vague objectives that can't be measured or assessed.
- Most state economic development organizations administer dozens of incentive programs with multiple goals - there isn't be a one-size-fits-all solution.
- All incentive programs should have reporting requirements that respond to the intent and goals of the program.

### **Choosing metrics -**

- Jobs, wages and investment are the main metrics for most incentive programs – but aren't necessarily the most appropriate. Community development, workforce and innovation/entrepreneurship programs require different measures to determine effectiveness.
- Evaluations should focus on outcomes (measures tied to program objectives). Distinguish between outputs (activities or deliverables) and outcomes.
- The selected measures by which programs are evaluated also need to meet some standards in order to be useful. Identifying sources for the data, establishing a baseline for measurement, and verifying company-provided data are all important elements of a successful evaluation process.

### **Accessing data -**

- There is a difficult balance between requiring more company-provided data and reducing the administrative burden for companies. Company-reported data also requires that security measures are adequate to protect confidential data and adequate staff resources to collect and process the data.
- Accessing state administrative records, particularly for tax credit evaluations, is necessary but remains a challenge in many states. Balancing confidentiality and data security issues with the need to understand the actual cost and utility of a plethora of tax credits requires a partnership built on trust among the state agencies asked to share data for evaluation purposes.

### **Resources for evaluation -**

- States need to commit resources to the evaluation effort to generate good results. Quality evaluations require time, resources, and a skilled team to manage the effort.
- Evaluation is a process, not an event or a special project.

As a result of the initiative and the Pew assessment, Commerce has refined its internal return on investment (ROI) tool to incorporate best practices from other states. The ROI tool is now linked to the Department's performance measures and includes complete documentation of the methodology and sources.

### State Return on Investment for Commerce Incentives

The Commerce incentive evaluation conducted for the Jobs Development Act report uses jobs, wages and investment as the main metrics to estimate the tax revenues returned to the State from its incentive investments. The total number of direct and secondary jobs and wages generated by each program is used to estimate the annual tax revenues generated. This can be used to determine an overall ROI for the programs. Because of the reliance on jobs and wage data as inputs, the ROI varies significantly by program. In total, the incentive programs generated \$0.67 per \$1 of FY 2015 incentive investment.

**Table 5: Return on Investment by program**

	<b>Total Jobs</b>	<b>Incentives per job</b>	<b>Annual State Tax Revenues</b>	<b>Revenues per \$1 incentive</b>
<b>Job creation and retention</b>	<b>16,739</b>	<b>\$524</b>	<b>\$72,014,310</b>	<b>\$8.21</b>
Job Creation Tax Credit	1,001	\$527	\$2,837,290	\$5.37
One Maryland Tax Credit	269	\$15,725	\$771,050	\$0.18
Partnership for Workforce Quality	923	\$117	\$2,570,760	\$23.72
MEDAAF 2 - Economic Development Opportunities	14,545	\$268	\$65,835,210	\$16.88
<b>Local Government support</b>	<b>1,099</b>	<b>\$9,029</b>	<b>\$3,196,070</b>	<b>\$0.32</b>
MEDAAF 3 - Direct assistance to Local Govt	1,057	\$8,867	\$3,074,010	\$0.33
MEDAAF 4 - Revolving Loan Funds	3	\$54,545	\$7,990	\$0.05
Community Development Block Grant	39	\$10,201	\$114,070	\$0.29
<b>Leveraging private sector investment</b>	<b>1,430</b>	<b>\$44,974</b>	<b>\$2,664,820</b>	<b>\$0.04</b>
Maryland Industrial Financing Authority	1,430	\$44,974	\$2,664,820	\$0.04
<b>Assistance to small and minority businesses</b>	<b>2,971</b>	<b>\$5,473</b>	<b>\$5,450,050</b>	<b>\$0.34</b>
Maryland Small Business Development Financing	759	\$8,871	\$1,466,240	\$0.22
Military Personnel/Veteran small business Loans	114	\$2,146	\$226,790	\$0.93
Video Lottery Terminal Fund	2,098	\$4,424	\$3,757,020	\$0.40
<b>Technology Startups and Innovation</b>	<b>3,083</b>	<b>\$9,717</b>	<b>\$8,316,080</b>	<b>\$0.28</b>
Biotech Investment Incentive Tax Credit	795	\$12,163	\$2,477,740	\$0.26
Biotechnology Grants	16	\$53,657	\$46,830	\$0.05
Cybersecurity Investor Incentive Tax Credit	19	\$32,664	\$61,280	\$0.10
Maryland Venture Fund	1,310	\$7,482	\$3,114,520	\$0.32
Research & Development Tax Credit	943	\$9,546	\$2,615,710	\$0.29
<b>Targeted Industry promotion</b>	<b>1,169</b>	<b>\$9,927</b>	<b>\$1,486,700</b>	<b>\$0.13</b>
Employer Security Clearance Costs Tax Credit	37	\$47,026	\$96,790	\$0.06
Film Production Activity Tax Credit	1,112	\$8,236	\$1,357,790	\$0.15
Wineries & Vineyards	20	\$25,000	\$32,120	\$0.06
<b>Special Purpose</b>	<b>617</b>	<b>\$1,741</b>	<b>\$1,425,770</b>	<b>\$1.33</b>
MEDAAF 5 - Special purpose grants or loans	236	\$3,617	\$408,360	\$0.48
ExportMD	381	\$577	\$1,017,410	\$4.62
<b>Total</b>	<b>27,107</b>	<b>\$5,235</b>	<b>\$94,553,800</b>	<b>\$0.67</b>

As seen in **Table 5** Programs that are primarily focused on job creation have the highest measurable ROI per incentive dollar, with \$8.21 in revenues per dollar of incentive. All of the other program return less than \$1 per incentive dollar, but it should be noted that the revenues are based on only one year of impacts, whereas most programs have ongoing impacts, especially the programs focused on technology startups and innovation. Industries with higher average salaries generate higher revenues per job.

The above ROI calculation is based on tax revenues from employee wages and spending, but does not include corporate taxes or taxes on production. The IMPLAN model provides an estimate of these revenues. If those other revenues are included, the state taxes double, from \$94 million per year to \$204 million. That would produce a total ROI of \$1.46 per incentive dollar.

### **Program Compliance**

Each of the Department's assistance programs has fair and discernible requirements that are set forth and communicated to recipients at the inception of each incentive agreement. Over agreement, the Department's program-management staff maintains regular contact with recipients to maintain records of their adherence to these requirements. This contact includes, but is not limited to, email, phone, and direct-mail requests for employment compliance reporting or tax information, payment reminders, and financial reviews. The Department strives to aid in and promote success for recipients, regardless of assistance type or business size.

Most of the compliance follow-up falls into one of two groupings of activities: discretionary and legal actions that can be exercised to attempt to remedy issues with an organization that fails to meet the requirements of an incentive program. While each program can be different, issues can be escalated from program-management staff to finance specialists or management; additional discussions with company representatives can occur to help remove obstacles to compliance and remedy problems; and obligations can be declared in default, if necessary.

On a case-by-case basis, the Department's program-management staffs explore all potential avenues for assistance and do everything possible to remedy individual business issues, such as failure to meet program requirements. Appendix G summarizes the triggers and remedial actions that can be taken to bring program-recipients into compliance, should the need arise. There have been some situations in which recipients have been unwilling to work with the Department on a plan to get back on track, or were too far beyond the scope of our assistance; however, these are few and far between. It is common practice to closely monitor and coach businesses to prevent this, and make adjustments to their specific requirements if needed. There are some rigid legal standards, more commonly with tax credits, but for the most part program-management staff is able to use discretion in instances of late and missed payments or specific employment requirements before resorting to more serious consequences. For example, program staff is able to make accommodations such as restructuring payment plans rather than sending the account to collections.

Because very few incentive recipients' cases are identical, there is some latitude in the processes for assisting companies in meeting program requirements and obligations. The Department is committed to assure recipients of economic-development incentives have the benefit of a full range of applicable remedies in the pursuit of a successful business outcome and strong working relationships.

**Appendix A: FY 2015 Commerce Finance Tracker Incentives Report**

	Recipient	Program	Approved Loan Amount	Loan Guarantee Amount	Tax Credit Amount	Project Costs	New Jobs	Retained Jobs
1	John Hopkins University	Biotech Translational Research	\$64,995			\$64,995		
2	Brain Biosciences, Inc.	Biotechnology Commercialization	\$100,000			\$1,700,000		2
3	JPLC Associates, LLC	Biotechnology Commercialization	\$99,959			\$138,506		
4	Mindoula Health, Inc.	Biotechnology Commercialization	\$200,000			\$400,000		3
5	Vixiar Medical, Inc	Biotechnology Commercialization	\$200,000			\$894,000		
6	Graftworx, LLC	Biotechnology Commercialization	\$200,000			\$1,250,000		1
7	Town of Grantsville	CDBG Cond. Grant	\$400,000			\$1,062,000	12	
8	RedOwl Analytics, Inc.	Cybersecurity Investor Incentive			\$600,000			
9	Integrata, Inc.	Cybersecurity Investor Incentive			\$20,625			
10	Knight Takes King Productions, LLC / House of Cards (Season 1)	Film Tax Credit				\$60,544,904		
11	Second in Command Productions, LLC / VEEP (Season 2)	Film Tax Credit				\$23,949,780		
12	Bob's Discount Furniture, LLC	Job Creation Tax Credit			\$42,356		25	
13	HighPoint Global, LLC	Job Creation Tax Credit			\$47,000		47	
14	Jason Pharmaceuticals, Inc.	Job Creation Tax Credit			\$3,000		3	
15	Millenial Media, Inc.	Job Creation Tax Credit			\$60,000		60	
16	Morgan Stanley & Co., LLC	Job Creation Tax Credit			\$204,000		204	
17	Moser Consulting Incorporated	Job Creation Tax Credit			\$31,000		31	
18	Regent Education	Job Creation Tax Credit			\$25,000		25	
19	Tenable Network Security, Inc.	Job Creation Tax Credit			\$96,000		96	
20	Beitzel Corporation	Job Creation Tax Credit			\$20,000		20	
21	Evans Analytic Group, Inc.	MEDAAF-2 Cond. Grant	\$200,000			\$6,000,000	75	150
22	PRS Realty, LLC/Paul Reed Smit	MEDAAF-2 Cond. Grant	\$100,000			\$300,000	20	165
23	CD Capital, LLC	MEDAAF-2 Cond. Loan	\$100,000			\$3,650,000	20	36
24	Emergent BioSolutions Inc.	MEDAAF-2 Cond. Loan	\$2,000,000			\$55,000,000	291	400
25	MedImmune LLC	MEDAAF-2 Cond. Loan	\$1,500,000			\$250,000,000	300	2,500
26	Caroline County, County Commis	MEDAAF-3 Cond. Grant	\$9,599			\$29,200		
27	Centreville, Town of	MEDAAF-3 Cond. Grant	\$15,000			\$30,000		
28	Cumberland, City of	MEDAAF-3 Cond. Grant	\$27,300			\$100,000		
29	Sailwinds Marine Terminal Whar	MEDAAF-3 Cond. Grant	\$500,000			\$6,500,000		
30	St. Mary's County, County Comm	MEDAAF-3 Cond. Grant	\$25,000			\$50,000		

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	Recipient	Program	Approved Loan Amount	Loan Guarantee Amount	Tax Credit Amount	Project Costs	New Jobs	Retained Jobs
31	Wicomico County/Riverport Strategic Plan	MEDAAF-3 Cond. Grant	\$26,500			\$53,000		
32	Maryland Economic Devel/Cyber Security Center	MEDAAF-3 Grant	\$1,400,000			\$12,928,000	21	
33	Allegany County Commissioners/Barton Business Park	MEDAAF-3 One MD Investment	\$1,102,400			\$4,602,400		
34	Dorchester County/Incubator	MEDAAF-3 One MD Loan	\$1,263,550			\$2,307,954		
35	Forest City-New East Baltimore Partnership	MEDAAF-3 One MD Loan	\$5,000,000			\$60,000,000		
36	Baltimore Development Corporat	MEDAAF-4 Cond. Grant	\$150,000			\$225,000		
37	The Night Watchman, LLC	MEDAAF-5 Arts & Ent.	\$125,000			\$612,000	43	
38	The Baltimore Arts Realty Corp	MEDAAF-5 Arts & Ent.	\$200,000			\$8,000,000		
39	4701 O'Donnell Street, LLC	MEDAAF-5 Brownfield	\$30,000			\$60,000		
40	Baltimore Food Hub	MEDAAF-5 Brownfield	\$200,000			\$16,300,000		
41	Cross Street Baltimore Federal	MEDAAF-5 Brownfield	\$50,000			\$100,000		
42	TRP-MCB 5601 Eastern, LLC	MEDAAF-5 Brownfield	\$150,000			\$300,000		
43	Global LifeSci Development Cor	MEDAAF-5 Brownfield	\$100,000			\$200,000		
44	Bakery De France, Inc.	MIDFA Conventional Insurance	\$10,307,700	\$2,308,925		\$25,220,857	25	34
45	National Golden Tissue, Inc.	MIDFA Conventional Insurance	\$2,000,000	\$160,800				
46	Recognition Products Internati	MIDFA Conventional Insurance	\$240,000	\$120,000		\$300,000	5	6
47	Bakery De France, Inc.	MIDFA Tax Exempt Bonds	\$10,000,000	\$2,240,000.00				
48	The Childrens Guild Institute,	MIDFA Tax Exempt Bonds	\$14,300,000			\$40,000,000	87	445
49	Bakery De France, Inc.	MIDFA Taxable Bonds	\$6,500,000	\$1,456,000.00				
50	National Golden Tissue, Inc.	MIDFA Taxable Bonds	\$9,200,000	\$3,400,320		\$13,000,000	100	75
51	Marlin Steel Wire Products, LL	MIDFA/SSBCI	\$1,564,500	\$499,076		\$1,564,500	10	26
52	Assisted Multicare Transportat	Military/Veteran small business	\$50,000			\$50,000	4	16
53	Bell Enterprises, LLC dba GoWa	Military/Veteran small business	\$50,000			\$50,000	3	6
54	Bold Xpressions, LLC	Military/Veteran small business	\$50,000			\$65,000	8	2
55	Diversified Packaging Products,	Military/Veteran small business	\$20,000			\$20,000	5	7
56	Jerry and Kim Tax Service dba	Military/Veteran small business	\$25,000			\$60,000	5	1
57	Lawhorn Systems LLC	Military/Veteran small business	\$50,000			\$50,000	10	3
58	Advance Construction Services,	MSBDFA Contract Financing	\$150,000			\$150,000	2	1
59	Chesapeake Home Health Care, I	MSBDFA Contract Financing	\$200,000			\$200,000	2	10

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	Recipient	Program	Approved Loan Amount	Loan Guarantee Amount	Tax Credit Amount	Project Costs	New Jobs	Retained Jobs
60	D.H. Porter Enterprises, LLC	MSBDFA Contract Financing	\$1,000,000			\$1,000,000	58	98
61	DM Enterprises of Baltimore, L	MSBDFA Contract Financing	\$200,000			\$200,000	4	5
62	M & V Contractual Services, In	MSBDFA Contract Financing	\$200,000			\$250,000	8	23
63	National Computer Services Con	MSBDFA Contract Financing	\$75,000			\$300,000	18	5
64	Paniagua's Enterprises, Inc.	MSBDFA Contract Financing	\$300,000					
65	Success Business Incorporated	MSBDFA Contract Financing	\$100,000			\$500,000	13	1
66	Warren Brothers Construction,	MSBDFA Contract Financing	\$150,000					2
67	Alleen V. Coleman t/a Alleen's	MSBDFA EPIP	\$180,000			\$180,000		1
68	MidAtlantic Broadband/Economic	MSBDFA EPIP	\$782,450			\$782,450		
69	Paniagua's Enterprises, Inc.	MSBDFA EPIP	\$350,000			\$650,000	5	10
70	Strategic Protective Services,	MSBDFA EPIP	\$100,000			\$100,000	10	5
71	TextBehind, LLC	MSBDFA EPIP	\$60,000					
72	Tote-It, Inc.	MSBDFA EPIP	\$30,000			\$30,000	3	7
73	Integrata, Inc.	MSBDFA EPIP	\$300,000			\$300,000	15	3
74	TextBehind, LLC	MSBDFA EPIP/InvestMD LLC	\$60,000			\$400,000	3	
75	NGEN, LLC	MSBDFA Guaranty Fund	\$225,000	\$157,500		\$470,000	10	24
76	NGEN, LLC	MSBDFA Guaranty Fund	\$245,000	\$171,500				
77	Securemedy, Inc.	MSBDFA Surety Bond Direct	\$1,000,000			\$1,000,000	20	80
78	Brouzin Industries, LLC dba KB	MSBDFA/SSBCI	\$200,000	\$100,000		\$416,000	14	7
79	LC Bowie, LLC dba Little Caesa	MSBDFA/SSBCI	\$100,000	\$50,000		\$350,000	12	
80	LC Greenbelt, LLC dba Little C	MSBDFA/SSBCI	\$100,000	\$50,000		\$350,000	12	
81	Toyo, Inc./dba Postnet of Hyattsville	MSBDFA/SSBCI	\$65,000	\$32,500		\$180,000	2	
82	Bricata LLC	MVF Challenge	\$100,000			\$100,000	131	
83	Mercaris Corporation	MVF Challenge	\$100,000			\$100,000	18	6
84	Blue Pillar, Inc.	MVF Enterprise/SSBCI	\$500,000			\$14,600,000	40	38
85	Citelighter, Inc.	MVF Enterprise/SSBCI	\$200,000			\$1,800,000	12	7
86	Graftworx, LLC	MVF Enterprise/SSBCI	\$500,000			\$500,000	71	3
87	Motionsoft, Inc.	MVF Enterprise/SSBCI	\$600,000			\$10,000,000	52	92
88	Edison Partners VIII, L.P.	MVF InvestMD I VCLP	\$5,000,000			\$155,000,000		
89	6th Street Inc.	MVF InvestMD II Enterprise	\$50,000					
90	Bambeco, Inc.	MVF InvestMD II Enterprise	\$250,000			\$1,500,000		
91	Bambeco, Inc.	MVF InvestMD II Enterprise	\$200,000			\$2,000,000		

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	Recipient	Program	Approved Loan Amount	Loan Guarantee Amount	Tax Credit Amount	Project Costs	New Jobs	Retained Jobs
92	CES Acquisition Corp.	MVF InvestMD II Enterprise	\$69,564					
93	GrayBug, LLC	MVF InvestMD II Enterprise	\$240,000					
94	Harpoon Medical, Inc.	MVF InvestMD II Enterprise	\$500,000			\$3,500,000	55	7
95	Luminal, Inc.	MVF InvestMD II Enterprise	\$450,940			\$2,720,000	80	5
96	Maxtena, Inc.	MVF InvestMD II Enterprise	\$250,000					
97	Mobile System 7, Inc.	MVF InvestMD II Enterprise	\$100,000					
98	Pulse8, Inc. (formerly Pulse8,	MVF InvestMD II Enterprise	\$90,000					
99	Synapsify, Inc.	MVF InvestMD II Enterprise	\$50,000					
100	Tales2Go, Inc.	MVF InvestMD II Enterprise	\$100,000					
101	Three Ring Inc.	MVF InvestMD II Enterprise	\$200,000			\$2,000,000	75	4
102	Triumfant, Inc.	MVF InvestMD II Enterprise	\$250,000					
103	Beitzel Corporation	One Maryland Tax Credit			\$1,553,545	\$1,553,545	27	
104	Videology, Inc.	One Maryland Tax Credit			\$2,678,137	\$2,678,137	65	
105	Bel-Art Products, Inc./Audey,	PWQ	\$7,245			\$14,490	3	30
106	Holcim Trading Inc.	PWQ	\$30,000			\$60,000	5	96
107	K&L Microwave, Inc.	PWQ	\$2,450			\$4,900		
108	Peter Pappas & Sons, Inc.	PWQ	\$15,000			\$30,000	4	75
109	Platform Systems Inc.	PWQ	\$1,800			\$3,600	1	30
110	Power Electronics, Inc.	PWQ	\$25,000			\$18,031	15	3
111	Tulkoff Food Products	PWQ	\$26,900			\$53,800		75
112	Amethyst Technologies, LLC	Video Lottery Terminal Fund	\$100,000				5	15
113	Aegis Mechanical	Video Lottery Terminal Fund	\$200,000				2	25
114	Airphoton, LLC.	Video Lottery Terminal Fund	\$50,000				1	5
115	Allegany Grove Properties	Video Lottery Terminal Fund	\$400,000				40	
116	Allovue	Video Lottery Terminal Fund	\$25,000				4	8
117	Blessing Groups of Company, Inc. dba Perfect Care Learning Center	Video Lottery Terminal Fund	\$35,000				2	2
118	BTS Software Solutions LLC	Video Lottery Terminal Fund	\$250,000					
119	Capitol Concrete & Landscape, LLC	Video Lottery Terminal Fund	\$63,000				1	3
120	Charm City Concierge	Video Lottery Terminal Fund	\$200,000				4	98
121	Civil Utility Construction Company, Inc.	Video Lottery Terminal Fund	\$220,000				3	10

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	Recipient	Program	Approved Loan Amount	Loan Guarantee Amount	Tax Credit Amount	Project Costs	New Jobs	Retained Jobs
122	CRWI, LLC	Video Lottery Terminal Fund	\$10,000				10	10
123	Cycles West	Video Lottery Terminal Fund	\$60,000				5	10
124	Diagnostic Biochips	Video Lottery Terminal Fund	\$150,000					3
125	Donna Stecker t/a Premier Safety Solutions	Video Lottery Terminal Fund	\$40,000				2	2
126	Drop-In Child Care Center, LLC dba The Drop Zone	Video Lottery Terminal Fund	\$50,000				5	4
127	Dylan's Oyster Cellar, LLC	Video Lottery Terminal Fund	\$125,000				10	
128	Edel's Bridal Boutique	Video Lottery Terminal Fund	\$110,000				3	
129	Epitaxial Technologies, LLC	Video Lottery Terminal Fund	\$250,000				4	6
130	Expo Mart, LLC	Video Lottery Terminal Fund	\$250,000				11	86
131	GPT, LLC	Video Lottery Terminal Fund	\$170,000				8	40
132	Great Gourmet, The	Video Lottery Terminal Fund	\$100,000				5	42
133	Havana Management, Inc	Video Lottery Terminal Fund	\$300,000				5	50
134	Housen Homecare, Inc.	Video Lottery Terminal Fund	\$150,000				5	150
135	I Heart Crepes	Video Lottery Terminal Fund	\$25,000				3	5
136	Integrata Security	Video Lottery Terminal Fund	\$250,000					
137	Integrata, Inc.	Video Lottery Terminal Fund	\$300,000				15	6
138	JAC Construction, Inc.	Video Lottery Terminal Fund	\$50,000					3
139	Johnson & Johnson Insurance Agency, LLC	Video Lottery Terminal Fund	\$315,000				5	2
140	L & J Waste Recycling, LLC	Video Lottery Terminal Fund	\$250,000				4	36
141	Lessoncast Learning	Video Lottery Terminal Fund	\$50,000				5	3
142	Life Safety Consortium LLC	Video Lottery Terminal Fund	\$33,000					4
143	Light Point Security	Video Lottery Terminal Fund	\$105,000				3	4
144	Magothy Technology, LLC	Video Lottery Terminal Fund	\$238,000					
145	Manor Hill Farm LLC	Video Lottery Terminal Fund	\$100,000					
146	Marlin Steel Wire Products LLC	Video Lottery Terminal Fund	\$250,000				6	58
147	Mensch Makers, Inc.	Video Lottery Terminal Fund	\$260,000				12	
148	Michele's Granola	Video Lottery Terminal Fund	\$250,000				24	12
149	MidAtlantic Transportation, Inc.	Video Lottery Terminal Fund	\$5,000				1	3
150	Motifworks, Inc.	Video Lottery Terminal Fund	\$250,000				4	2
151	National Computer Service	Video Lottery Terminal Fund	\$150,000				5	36

## Appendix A: FY 2015 Commerce Finance Tracker Incentives Report

	Recipient	Program	Approved Loan Amount	Loan Guarantee Amount	Tax Credit Amount	Project Costs	New Jobs	Retained Jobs
	Consultants							
152	New Horizons	Video Lottery Terminal Fund	\$6,399				1	
153	Oak Creek Cafe	Video Lottery Terminal Fund	\$250,000				25	20
154	Oakmont Contracting, LLC	Video Lottery Terminal Fund	\$150,000				8	2
155	Odyssey Technologies, Inc.	Video Lottery Terminal Fund	\$300,000					14
156	Opia Holdings, Inc.	Video Lottery Terminal Fund	\$150,000				2	5
157	Paula K. Green & Associates, Inc.	Video Lottery Terminal Fund	\$5,000					
158	Plant Sensory Systems, LLC	Video Lottery Terminal Fund	\$150,000				1	7
159	Property Management, Inc.	Video Lottery Terminal Fund	\$12,000					60
160	Quintain Marketing, Inc.	Video Lottery Terminal Fund	\$50,000				10	7
161	RedShred	Video Lottery Terminal Fund	\$150,000				2	3
162	RedShred	Video Lottery Terminal Fund	\$100,000				4	2
163	Reeven's Auto Service, LLC	Video Lottery Terminal Fund	\$10,000				1	7
164	ServPro/Restorations By Rupp	Video Lottery Terminal Fund	\$100,000				23	4
165	Severna Pharmaceuticals	Video Lottery Terminal Fund	\$25,000				5	2
166	SJK Enterprises, Inc.	Video Lottery Terminal Fund	\$150,000				3	8
167	Srinerger Educare LLC	Video Lottery Terminal Fund	\$149,000				2	2
168	Studio 7 The Salon, LLC	Video Lottery Terminal Fund	\$50,000				2	18
169	Subway	Video Lottery Terminal Fund	\$50,000				10	
170	Tabor Ethiopian Cuisine	Video Lottery Terminal Fund	\$242,000					
171	The Children's Spot	Video Lottery Terminal Fund	\$53,000				2	3
172	The Still Point Spa	Video Lottery Terminal Fund	\$85,000					
173	TSZ Properties, Inc.	Video Lottery Terminal Fund	\$100,000				6	6
174	Vac Pac	Video Lottery Terminal Fund	\$150,000				5	50
175	Vedic Spa LLC	Video Lottery Terminal Fund	\$210,000					
176	Voniks Juice, LLC	Video Lottery Terminal Fund	\$185,000				10	10
177	VR Legacy, Inc.	Video Lottery Terminal Fund	\$210,000				12	

## Appendix B: Biotechnology Investment Incentive Tax Credit

QMBC		APROVED FINAL TAX CREDIT CERTIFICATES (\$)	APROVED FINAL TAX CREDIT CERTIFICATES (#)
1	20/20 GeneSystems, Inc.	582,500	6
2	AgeneBio, Inc.	31,038	1
3	AgriMetis, LLC	1,050,000	9
4	Akonni Biosystems Inc.	Pending	Pending
5	American Gene Technologies International Inc.	170,496	1
6	AscentGene, Inc.	Pending	Pending
7	BeneVir Biopharm, Inc.	50,000	3
8	BioMarker Strategies, LLC	325,000	2
9	Breetha, Inc.	Pending	Pending
10	Cellphire, Inc.	84,047	1
11	Centrexion Corporation	250,000	1
12	Clarassance, Inc.	525,297	3
13	ConverGene LLC	12,500	1
14	Cordex Systems, Inc.	226,025	3
15	Cosmos ID, Inc.	225,000	2
16	Creatv MicroTech Inc.	187,500	8
17	DioGenix	25,000	1
18	GrayBug LLC	375,000	3
19	Harpoon Medical, Inc.	1,450,000	15
20	Noxilizer, Inc.	1,429,520	24
21	Oncolmmune Inc.	250,000	1
22	PathSensors, Inc.	250,000	1
23	Plant Sensory Systems, Inc.	58,080	1
24	Rafagen, Inc.	37,500	2
25	Royer Biomedical, Inc.	165,000	4
26	Sequella, Inc.	509,000	11
27	Theranostics Health, Inc.	427,500	12
28	Vizuri Health Sciences LLC	Pending	Pending
29	Xcision Medical Systems, LLC	974,987	6
<b>Total</b>		<b>\$9,670,990</b>	<b>159</b>

\*\* Numbers are based on the annual survey response from QMBC for the calendar year 2014; contractors are excluded.

## Appendix C: Research and Development Tax Credits, R&D Tax Credits Certified in FY 2015

	<b>Company Name</b>	<b>Certified Basic Credit Amount</b>	<b>Certified Growth Credit Amount</b>	<b>Total Certified Credit Amount</b>
1	3E Technologies International, Inc.	4,057	8,947	13,004
2	6K Systems, Inc.	75	1,794	1,869
3	6th Street, Inc. DBA Saleswarp, Inc.	12	2,102	2,114
4	AAI Corporation	56,659	40,795	97,454
5	AC Beverage, Inc.	0	1,030	1,030
6	Action Products, Inc.	1,221	0	1,221
7	Advanced Biotechnologies, Inc.	906	0	906
8	Aeroflex/Weinschel, Inc.	591	0	591
9	Akonni Biosystems, Inc.	2,195	0	2,195
10	Alliant Techsystems, Inc.	43,494	0	43,494
11	Alqimi Technology Solutions, Inc.	817	0	817
12	Ameen Oluajayi	583	10	593
13	American Infrastructure, Inc.	5,019	15,683	20,703
14	Amgen, Inc.	55,143	156,093	211,236
15	Amplimmune, Inc.	34,199	164,813	199,013
16	AOL Advertising, Inc.	40,464	0	40,464
17	ARINC Incorporated	58,689	75,255	133,944
18	Ashland, Inc.	581	0	581
19	AT&T Services, Inc.	21,157	13,153	34,310
20	Ath Group, Inc.	2,376	2,558	4,934
21	Athena Environmental Sciences, Inc.	134	0	134
22	Automated Precision, Inc.	6,438	14,871	21,309
23	Availink US, Inc.	9,343	0	9,343
24	basys, Inc.	7,808	5,632	13,440
25	Becton Dickinson and Company	201,862	281,249	483,111
26	Bentley Systems Incorporated	4,346	2,394	6,740
27	Boland Trane Services, Inc.	7,192	10,598	17,791
28	Bowles Fluidics Corporation	4,706	5,458	10,164
29	Burdette, Koehler, Murphy and Associates, Inc.	7,190	11,480	18,671
30	Cadmium CD, LLC	1,167	9,163	10,330
31	Carleton Technologies, Inc.	2,572	9,114	11,686
32	Carter Control Systems, Inc.	608	5,125	5,733
33	Castle Communications, Inc.	2,386	3,776	6,162
34	Chesapeake Testing Services,	487	0	487
35	Colonial Metals, Inc.	10,641	27,132	37,773
36	Composite & Metal Products USA, Inc.	492	347	839
37	Comtech Mobile Datacom Corp.	576	0	576
38	Concur Technologies, Inc.	170	1,643	1,813
39	Connections Education, Inc.	12,773	0	12,773
40	Conquest Systems, Inc.	600	0	600
41	Consortium Health Plans, Inc.	2,680	0	2,680
42	Corelogic Inc. & Subsidiaries	7,449	0	7,449
43	Cristal USA, Inc.	51,044	51,613	102,657
44	Custom Cable Solutions, Inc	1,117	0	1,117
45	Cyber Point International, LLC	3,331	16,616	19,947
46	Cyber Point International, LLC	10,407	21,452	31,858

**Appendix C: Research and Development Tax Credits, R&D Tax Credits Certified in FY 2015**

<b>Company Name</b>	<b>Certified Basic Credit Amount</b>	<b>Certified Growth Credit Amount</b>	<b>Total Certified Credit Amount</b>
47 Cytex Engineered Materials, Inc.	12,823	1,101	13,924
48 Daedalus Flight Systems, LLC	493	544	1,037
49 Dairy Maid Dairy, Inc.	2,628	0	2,628
50 Dakota Consulting, Inc.	4,546	20,981	25,527
51 DSM Pharmaceuticals, Inc.	37,446	46,301	83,747
52 EA Engineering, Science and Technology, Inc.	6,826	3,248	10,074
53 Ecrion Software, Inc.	913	4,088	5,002
54 Electromet Corporation	1,839	0	1,839
55 Eli Lilly and Company	43,467	166,712	210,178
56 EMC Corporation and Subsidiaries	10,170	0	10,170
57 EMD Serono, Inc.	1,019	0	1,019
58 Energy Concepts Company, LLC	5,367	2,923	8,290
59 Energy Solutions Federal EPC	2,195	0	2,195
60 Eurotech, Inc.	4,174	0	4,174
61 Evapco, Inc.	33,412	23,366	56,778
62 Facility Support Services, LLC	9,281	14,851	24,132
63 Fairchild Controls Corporation	31,180	0	31,180
64 FastVDO, LLC	616	0	616
65 FD Neurotechnologies Consulting and Services, Inc.	1,519	1,795	3,314
66 Fil-Tec, Inc.	1,852	12,594	14,446
67 Fina Biosolutions, LLC	1,390	1,323	2,713
68 Fiserv Solutions, Inc.	3,527	20,558	24,086
69 Gallagher & Associates, LLC	4,319	1,117	5,436
70 General Dynamics Advanced Information Systems, Inc.	2,806	3,781	6,587
71 General Dynamics Fidelis Cybersecurity Solutions, Inc.	13,118	18,178	31,296
72 Gold Crust Baking Company, Inc.	3,057	10,099	13,156
73 Grunley Construction Company	1,077	0	1,077
74 Honeywell International, Inc. and Subsidiaries	555	4,198	4,753
75 Hughes Network Systems, LLC	196,421	227,730	424,151
76 iBiquityDigital Corporation	7,330	13,043	20,374
77 Immuno Probe, Inc.	1,045	1,263	2,308
78 Increditek, Inc.	1,798	0	1,798
79 Inovalon, Inc.	14,600	5,915	20,515
80 Intelligent Automation, Inc.	16,835	45,022	61,857
81 Intelligent Devices, Inc.	1,887	0	1,887
82 Intelligrated Systems, LLC	5,842	0	5,842
83 Interactdata, LC Trading as VMCSelect	1,504	0	1,504
84 International Business Machine Corporation	16,325	0	16,325
85 Jason Pharmaceuticals, Inc.	16,588	20,070	36,658
86 Javelina Software, LLC	1,147	0	1,147
87 Jlaurn & Associates, LLC	22	3,322	3,344
88 JLG Industries, Inc.	12,876	110,201	123,076
89 Kaydon Ring and Seal, Inc.	1,815	584	2,399
90 Kaydon Ring and Seal, Inc.	486	0	486

**Appendix C: Research and Development Tax Credits, R&D Tax Credits Certified in FY 2015**

	<b>Company Name</b>	<b>Certified Basic Credit Amount</b>	<b>Certified Growth Credit Amount</b>	<b>Total Certified Credit Amount</b>
91	Kirlin Holdings, LLC	18,399	0	18,399
92	Knorr Brake Company, LLC	408	0	408
93	Kratos Technology & Training Solutions, Inc.	8,742	0	8,742
94	L-3 Communications Holdings, Inc & Subsidiaries	5,638	5,783	11,421
95	Leidos, Inc.	54,949	0	54,949
96	Life Technologies Corporation	37,408	31,726	69,134
97	Lockheed Martin Corporation	272,836	0	272,836
98	Luminal, Inc.	0	1,330	1,330
99	Mack Trucks, Inc.	106,650	0	106,650
100	MacroGenics, Inc.	33,497	176,315	209,811
101	Marvell Semiconductor, Inc.	1,100	0	1,100
102	McCormick & Co., Inc	153,180	103,869	257,049
103	McCormick Paint Works Company	831	3,714	4,545
104	MDA Information Systems, LLC	2,204	3,429	5,634
105	Medimmune, LLC	798,510	466,125	1,264,635
106	Meso Scale Diagnostics, LLC	41,277	29,961	71,238
107	Michael Baker Jr., Inc.	800	35,357	36,156
108	Micros Systems, Inc.	35,447	0	35,447
109	Miltec Corporation	2,251	2,350	4,601
110	Mindgrub Technologies, LLC	680	6,055	6,735
111	Morningstar PV Controllers Corp. A/K/A Morningstar Corporation	2,489	0	2,489
112	MPI Labels of Baltimore, Inc.	595	1,097	1,692
113	Multi-Comp, Inc.	1,511	0	1,511
114	Nemetschek Vectorworks, Inc.	5,465	9,882	15,347
115	Northrop Grumman Systems Corporation	473,904	0	473,904
116	Notable Solutions, Inc.	217	66,642	66,860
117	Novartis Pharmaceuticals Corporation	11,699	0	11,699
118	Novo Nordisk, Inc.	5,767	0	5,767
119	Noxell Corporation	22,619	55,874	78,493
120	Nteligen, LLC	0	827	827
121	Nurad Technologies, Inc.	4,429	0	4,429
122	Nutramax Laboratories, Inc.	11,597	0	11,597
123	Nutramax Manufacturing, Inc.	804	0	804
124	Nutricia North America, Inc.	8,068	3,055	11,122
125	Opgen, Inc.	7,094	0	7,094
126	Orbit Logic Incorporated	213	457	670
127	OrderUP, LLC	0	6,780	6,780
128	Origin Wireless Communications	0	6,150	6,150
129	Osiris Therapeutics, Inc.	14,326	0	14,326
130	Otsuka America, Inc.	86,274	5,262	91,536
131	Pall Filtration & Separations Group, Inc.	3,647	14,173	17,819
132	Paperless Transaction Management, Inc. and Subsidiaries	2,851	5,762	8,613
133	Paramount Die Company, Inc.	3,946	3,068	7,013
134	Patton Electronics Company	8,469	0	8,469
135	Peregrin Services Corp.	0	1,913	1,913

**Appendix C: Research and Development Tax Credits, R&D Tax Credits Certified in FY 2015**

<b>Company Name</b>	<b>Certified Basic Credit Amount</b>	<b>Certified Growth Credit Amount</b>	<b>Total Certified Credit Amount</b>
136 Pfizer Inc., and Subsidiaries	62,894	364,997	427,891
137 Pharmaceuticals International, Inc.	34,824	124,448	159,272
138 Phoenix Color Corp	19,988	9,010	28,999
139 Pitney Bowes Software, Inc.	6,234	0	6,234
140 Plant Vax, Inc.	1,004	4,256	5,260
141 Power Electronics, inc.	2,443	7,852	10,295
142 Powersim, Inc.	315	0	315
143 Precision Products Group, Inc.	356	434	789
144 Precision Products Group, Inc.	414	0	414
145 Pritchett Controls, Inc.	7,895	5,595	13,490
146 Profectus Biosciences, Inc.	5,393	15,720	21,113
147 Projeny Systems Corporation	504	6,734	7,238
148 Prolitec, Inc.	0	18,118	18,118
149 Prometric, Inc.	9,046	0	9,046
150 Qiagen North American Holdings	53,726	0	53,726
151 Ray Enterprises of Chesapeake Walk, Inc.	3,823	3,709	7,532
152 Raytheon Company	17,691	0	17,691
153 Restorative Therapies, Inc.	1,701	52	1,752
154 Riverbed Technology, Inc.	29,284	0	29,284
155 Roadnet Technologies, Inc.	21,746	11,675	33,421
156 Rock-Tenn Converting Company	871	1,410	2,281
157 Rockwell Collins, Inc.	1,283	10,585	11,867
158 Rome Technologies, Inc.	1,984	2,162	4,146
159 RPM International, Inc.	8,275	6,200	14,476
160 Saft America, Inc.	7,252	141,018	148,270
161 Savantage Solutions, Inc.	14,105	261	14,367
162 Sierra Nevada Corporation	18,780	40,333	59,113
163 Sigma-Tau Pharmaceuticals, Inc.	8,846	0	8,846
164 Singleton Electric Co., Inc	9,550	18,295	27,845
165 Smart Imaging Systems, Inc.	214	0	214
166 Sofpak Technologies, Inc.	919	0	919
167 Soltesz, Inc.	3,654	12,390	16,044
168 Sourcefire, Inc. c/o Cisco, Inc.	46,171	286,783	332,954
169 Special Operations Technology	789	17,696	18,484
170 Spirent Communications, Inc.	18,572	0	18,572
171 Storefront Consulting, Inc.	5	229	234
172 Stulz Air Technology Systems	4,369	3,220	7,589
173 SuccessFactors, Inc.	2,383	0	2,383
174 Symantec Corporation	6,562	0	6,562
175 Tactical Network Solutions, LLC	0	3,637	3,637
176 TCOM, LP	14,107	19,526	33,633
177 Technologies Solutions Group, LLC	1,196	2,181	3,378
178 Tecore, Inc.	9,862	0	9,862
179 Telecommunication Systems, Inc. and Subsidiaries	16,997	2,183	19,180
180 Tenable Network Security, Inc.	13,510	9,314	22,824
181 Tetracore, Inc.	2,641	11,000	13,641
182 Teva Biopharmaceuticals USA, Inc.	52,906	979	53,885
183 The Sherwin-Williams Company	481	0	481

**Appendix C: Research and Development Tax Credits, R&D Tax Credits Certified in FY 2015**

	<b>Company Name</b>	<b>Certified Basic Credit Amount</b>	<b>Certified Growth Credit Amount</b>	<b>Total Certified Credit Amount</b>
184	Theralogix, LLC	814	209	1,022
185	Tidewater, Inc.	5,977	0	5,977
186	Tilley Chemical Company, Inc.	1,890	0	1,890
187	Top Down Systems Corporation	492	21,695	22,186
188	Transformational Security, LLC	2,156	12,109	14,265
189	Travel Lite Co.	205	0	205
190	UAV Solutions, Inc.	5,962	64,599	70,561
191	United Parcel Service General Services Co.	84,118	0	84,118
192	United Therapeutics Corporation and Subsidiaries	27,071	45,795	72,866
193	Value Asset Leasing, Inc., dba iHire, LLC	3,631	15,549	19,180
194	ViaSat, Inc.	44,964	8,198	53,162
195	Vigilant Medical, Inc.	230	2,247	2,476
196	Vorbeck Materials Corp.	2,524	0	2,524
197	Western Services Corporation	4,076	0	4,076
198	WL Gore & Associates, Inc.	160,096	84,288	244,384
199	Xcision Medical Systems, LLC	5,336	3,990	9,325
200	Zenimax Media, Inc.	130,206	287,560	417,766
<b>Total</b>		<b>\$4,500,000</b>	<b>\$4,500,000</b>	<b>\$9,000,000</b>

**Appendix D: Maryland Employer Security Clearance Costs Tax Credit, Credits Certified, TY 2013  
(Certified in FY 2015)**

	<b>Business Name</b>	<b>Certified Credit Amount</b>
1	Asymmetrik Ltd.	51,714
2	BCT LLC	54,519
3	CACI Technologies, Inc.	5,470
4	ClearShark, LLC	5,132
5	Critical Resources Group, LLC	4,932
6	CTS Services, LLC	19,730
7	Entegra Systems, Inc.	27,036
8	Facility Support Services, LLC	19,216
9	General Dynamics Advanced Information Systems, Inc.	30,396
10	Globecom Services Maryland, LLC	21,141
11	Gray Graphics Corp.	20,528
12	InfoZen, Inc.	72,364
13	Intelsat General Corporation	106,953
14	ISIS Government Solutions, LLC	93,288
15	JS, Global, LLC	56,919
16	Kinsey Consulting, LLC	2,233
17	Lingual Information System Technologies, Inc.	140,086
18	LJT & Associates, Inc.	38,949
19	Massachusetts TASC, Inc. A/K/A TASC, Inc.	171,283
20	MDA Information Systems LLC	77,558
21	Mission Essential Personnel, LLC	171,283
22	Novetta, Inc.	32,287
23	Novetta, LLC	96,269
24	Oakleaf Technology Group, Inc.	7,866
25	Patriot Technologies, Inc.	3,294
26	Ponte Technologies, LLC	35,181
27	Project Enhancement Corp.	2,697
28	Quotient, Inc.	48,386
29	Sealing Technologies, Inc.	17,860
30	Secure Innovations, LLC	36,687
31	Sigint Technologies, LLC	16,926
32	Spectra Tech, LLC	3,982
33	Tactical Network Solutions, LLC	9,174
34	TeleCommuntation Systems, Inc.	272,560
35	TENSLEY Consulting, Inc.	27,373
36	Tiber Technologies, Inc.	7,512
37	Van Kyke Technology Group, Inc.	65,700
38	VariQ Corporation	38,539
39	Wilhelm Commercial Builders, Inc.	42,977
40	WOG, LLC d/b/a WhiteOak Group	43,998
	<b>Total Credit Amount</b>	<b>\$2,000,000</b>

**Appendix E: Maryland Wineries and Vineyards Tax Credit, Credit Certified for TY2013  
(Certified in FY 2015)**

	<b>Business Name</b>	<b>Certified Credit Amount</b>
1	Antietam Creek Vineyards, LLC	7,216
2	Berrywine Plantations	35,320
3	Black Ankle Vineyards, LLC	61,363
4	Boordy Vineyards, Inc.	112,620
5	Charis Winery, Inc.	232
6	Chateau Bu-De, LLC	32,432
7	Clovelly Vineyard, LLC	3,282
8	Cook Winery Holdings, LLC	15,294
9	Cool Ridge Vineyard	3,811
10	Crow Vineyards & Winery, LLC	13,555
11	Elk Run Vineyards, Inc.	6,690
12	Fiore Winery, Inc.	9,745
13	Gemeny Farms, LLC	15,303
14	Harmoney Farm, Inc.	4,338
15	Mark Cascia Vineyards	2,569
16	Native Concepts	13,688
17	New Market Plains, LLC	52,845
18	Noble Landing, LLC	21,054
19	Old Westminster Winery LLC	6,671
20	Rocklands Farm, LLC	2,451
21	Royal Rabbit Vineyards, LLC	1,198
22	Schmidt Farms, Inc.	4,157
23	Schmidt Winery Management, LLC	9,856
24	Serpent Ridge Vineyard, LLC	4,208
25	Southern MD Wine Growers Co-op	1,450
26	St. Michaels Winery	5,717
27	Stonemur, LLC	489
28	Sugarloaf Mountain Vineyard, LLC	7,919
29	The Vineyards At Dodon, LLC	37,494
30	Townshend Vogt Farm, LLC	3,182
31	Turkey Point Vineyard, LLC	3,849
	<b>Total Credit Amount</b>	<b>\$500,000</b>

## Appendix F: Recipients of Multiple Incentives FY 2015

	Recipient	Programs
1	Bakery De France, Inc.	MIDFA (3)
2	20/20 GeneSystems, Inc.	BIITC/ExportMD
3	6th Street Inc.	MVF/R&D
4	Akonni Biosystems, Inc.	BIITC/R&D
5	Amethyst Technologies, LLC	ExportMD/VLT
6	Bambeco, Inc.	MVF (2)
7	Beitzel Corporation	JCTC/OneMD
8	Facility Support Services, LLC	ESSC/R&D
9	General Dynamics Advanced Information Systems, Inc.	ESSC/R&D
10	Graftworx, LLC	Biotech/MVF
11	GrayBug, LLC	BIITC/MVF
12	Harpoon Medical, Inc.	BIITC/MVF
13	Integrata, Inc.	Cyber/MSBDFA/VLT (2)
14	Jason Pharmaceuticals, Inc.	JCTC/R&D
15	Luminal, Inc.	MVF/R&D
16	MedImmune LLC	MEDAAF/R&D
17	National Golden Tissue, Inc.	MIDFA (2)
18	NGEN, LLC	MSBDFA (2)
19	Paniagua's Enterprises, Inc.	MSBDFA (2)
20	Power Electronics, Inc.	PWQ/R&D
21	RedShred	VLT (2)
22	Tactical Network Solutions, LLC	ESSC/R&D
23	Tenable Network Security, Inc.	JCTC/R&D
24	TextBehind, LLC	MSBDFA (2)

## Appendix G: Compliance Triggers and Remedial Action

	Trigger	Action	Remedy
<b>Legal Action</b>			
	Recipient breaches " <b>any</b> " covenant, representation, warranty or other provision of our Agreements	Claim a Default	Require immediate repayment, proceed to enforce all rights available to the Department: <i>Forbearance, Charge Off, Foreclose, Charge Late Fees, Increase Interest Rate, Terminate Transaction, File Judgments, Clawback, etc.</i>
<b>Discretionary Decisions</b>			
	Late Payments >90 Days	Escalate to Management	Management discretion to charge late fee-contact client continue billing
	Late Payments >180 Days	Escalate to Management	Charge Off, Transfer to Special Assets, Work with AG on legal remedy; Management has discretion not to Charge Off account based on case-by-case circumstances and must document via Approval Memo why not Charging Off (see legal remedies)
	Upcoming Reporting Date & <60 Days past due	Tickler/Reminder E-mails	Notifies client before something comes due, or once something is late.
	>60 Days Past Due for any reporting	Escalate Issue to Finance Specialist	Contact client to get item, waive requirement for item (in writing), continue to monitor
	Failed Employment Goals	Escalate to Finance Specialist and Management	Move forward with clawback or depending on company and economic conditions the employment goals may be modified (see legal remedies)
	Poor Annual Financial Review	Escalate to Management	Continue to monitor; possible downgrade of risk rating; transfer to Special Assets, contact client, financial institution

Tax Credits			
Not Eligible	Applicant applies for certification of tax credit but does not meet statutory requirements	Do not certify as eligible for tax credit	The tax credits are non-discretionary. If the business does not meet the statutory requirements of the program, the Department may not certify them as eligible. For the One Maryland and Job Creation Tax Credits, the Department urges the applicant to apply for preliminary certification to identify any potential obstacles to final certification. We work with the company to identify and overcome any issues that would preclude the company from qualifying.
Non-compliance	Applicant is certified as eligible for tax credits but does not maintain the positions or investment.	Credits are recaptured; business may not use the credits during the carry forward period.	Under the Job Creation Tax Credit, the business must maintain the credits for three years or recapture some or all the credits. An independent CPA certifies at the end of the recapture period, whether any recapture is due the state. Under the One Maryland Tax Credit, if the business falls below a certain threshold of jobs, the business may not use the credit in that credit year. However, when its employment increases over the threshold, it may begin taking the credit again. The threshold was originally 25 jobs, but in recognition of the struggling economy, this was reduced to 10 jobs, if the business had maintained 25 jobs for at least five years. Under the Biotechnology Investment Incentive Tax Credit, if the investor that received a credit sells or transfers his ownership interest in the qualified Maryland Biotechnology Company (QMBC) or if the QMBC ceases to operate as an active business with its headquarters in Maryland within 2 years from the tax year they claimed the credit, they are required to recapture some or all of the credit.
In general, the tax credits are non-discretionary. If the business does not meet the statutory requirements, they will not qualify for the credits. Commerce does not have the discretion to waive the statute. However, Commerce does work with the businesses to identify issues early in the process. In addition, changes have been made to the programs through legislation that have made it easier to meet the program requirements			